

## BIOGRAPHICAL SUMMARY: Frederick P. Lowrey

Fred Lowrey, the oldest of Frederick D. and Leila Lowrey's six children, was born on November 11, 1911 in Honolulu. He grew up in Mānoa and was educated at Punahou School, Phillips Academy and Harvard University.

In 1934 Lowrey started as an inventory clerk at Lewers & Cooke, where his father, and grandfather before, served as president. He left in 1936 to attend Harvard Business School. On his return to Lewers & Cooke, he served in various capacities, including personnel department manager, manager in charge of operations, manager in charge of government sales, and corporate secretary.

With the growing possibility of war, Lewers & Cooke increased its inventory, bought war-risk insurance, and set up a block-warden system. On December 7, 1941, anti-aircraft shells damaged the Lewers & Cooke headquarters, lumberyard, and warehouse. No one was hurt, but it was the beginning of major changes for Lewers & Cooke as private construction diminished and military construction boomed.

After the war, Lowrey was appointed vice president of Lewers & Cooke in 1953 and president in 1956. In 1966, when Lewers & Cooke merged with U.S. Plywood, Lowrey resigned from the U.S. Plywood subsidiary companies but stayed on as president of Lewers & Cooke, Limited, a holding company. He retired in 1968 after overseeing the merger of Lewers & Cooke, Limited with Dillingham Corporation.

Fred Lowrey married Janet Meyer in 1937. He has a son and four daughters. Over the years, Lowrey has been involved with the Outrigger Canoe Club, city planning commission, Young Men's Christian Association, Honolulu Chamber of Commerce, Rotary Club of Honolulu, and other community organizations.

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ORAL HISTORY INTERVIEW

with

Frederick P. Lowrey (FL)

February 13, 1992

Makiki, O'ahu

BY: Warren Nishimoto (WN)

WN: This is an interview with Fred P. Lowrey, on February 13, 1992, at his home in Makiki, O'ahu. The interviewer is Warren Nishimoto.

Okay, why don't we get started.

FL: Sure.

WN: You know, Mr. Lowrey, why don't we start by having you tell me when you were born and where you were born.

FL: Okay. I was born on November 11, 1911, which means my birthdate is 11-11-11, so I'll have a hard time forgetting that (laughs).

WN: Was that planned at all?

FL: Pretty hard to plan.

(Laughter)

FL: Pretty hard to plan, I suspect.

WN: I knew someone who was a 10-10-10.

FL: Really?

WN: Yeah.

FL: I'll be darned.

WN: So now I'm looking for a 12-12-12.

FL: Great, great, great. You'll probably find one. My father and mother had been married very early in 1911. I came along pretty soon after they were married. They were married in Santa



Rosa, California, where my mother lived, and then went down to the Grand Canyon for a honeymoon, then came right to Honolulu. And I guess by the time she got to Honolulu—well, not by the time she got to Honolulu, but within a month or two afterward, why, she knew she was *hāpai*. I guess they decided when they first came not to buy a house right away. They stayed with my grandfather and grandmother, who lived at Lunalilo and Victoria Street. At that time, they had about half a block in there. It was right *mauka* of the W. R. Castle place, and it was kitty-corner from the Wickman house, and it was right below where the—oh god, can't think of the name of it. Anyway, (his son, Stanley Kennedy) started the Hawaiian Airlines, his family had a place in there. Anyway, Jim Dole (and his children) lived about a block away from there, and there was a large group of people lived in that area.

Anyway, I was born in that house, in November of that year. They had already drawn plans for a house up Mānoa. They'd bought a piece of property on what was then called Jones Street, later renamed because (people) didn't like the name Jones (laughs). And so they named it Alaula, which I understand in Hawaiian means running east and west, or running toward the sun, or something like that [lit., early dawn light]. Anyway, it runs off Mānoa Road, and it's parallel to East Mānoa Road, one block *makai*. And they had plans for—the house wasn't finished at the time that I was born, so I was born down in the Lunalilo Street house. And then, very shortly after that though, and I'm not sure exactly when, certainly by the first of the following year, the family moved up Mānoa, and I moved up there with 'em. And I lived up there on Alaula Way for all of my life, up to the time that I went away to college. And as a matter of fact, after coming back from college, and not knowing just what I wanted to do, and being unmarried at that time, I lived with them and paid 'em rent for a year and a half that I was there before I decided to go back to business school. When I came back, I was married at the end of the time that I was at business school, which was in September of '37.

And so when I got back here, around November of '37, why, I'd written to my mother and father to see if they could find a house for us, and they found a house up in Nu'uānu. Geez, I've forgotten the name of it (Coelho Way). I could take you there, but I can't remember the name. Anyway, it was about halfway up Nu'uānu Valley, on the left, you turn off on one of those little lanes that runs in there. Nice, nice little place, and good location. And we were there for some months, and then I moved back into Mānoa into another house (on upper Mānoa Road) before we started to build our own house up on the top of Maunalani Heights. But I'm getting ahead of . . .

WN: Okay, tell me something about the house in Alaula Way.

FL: This was an interesting house, it was built on the side of the hill, which was fairly steep there, so it had a fairly big basement in it. You had a quite a long flight of stairs, cement stairs going up to the first floor. And the first floor originally had a living room and then a sort of a separate living room that was joined to it, and a front entrance hallway that you went into through the front door. That was to the right on the *mauka* side. To the left was the dining room. And then there was a door into a pantry, and then into the kitchen from there. And then there was what we call the back hall, where, oh, we ate breakfast there sometimes, or grabbed an extra meal there and so on. And that house stayed the same for quite a few years. This was built in, say, finished in 1912—it wasn't really modified or expanded until about sometime in the late twenties, maybe '26, '27, '28. And then the living room, the two sort of parts of the living room were merged into one big room. And then they built a big

lanai [*lānai*] along the back. I guess my dad and mother had always had in mind that they wanted to add on to the back side, what we call the back side of the house, which would have been the 'Ewa side. And so as kids, my family were always very—well we had our chores to do around the house, and—which were, a lot of 'em were for free. In other words, this was our contribution. But on the other hand, if we did other jobs that they wanted us to do, why, then they'd pay us. Twenty-five cents an hour, or twenty cents an hour, something like that. And so they wanted the back of the house dug out. We were on top of a cinder cone there in Mānoa Valley, and so it was relatively easing digging. And the material could be wheelbarrowed—you'd dig it out, and shovel it into a wheelbarrow, then wheelbarrow it out and dump it. And the slope of the land was such that we could then create a terrace, flat terrace that went way out into the back. I guess the terrace must have been, oh, a hundred feet long, and so on, and the back of it—the hill was steep back there—so that the back of it must have been, oh, twenty or twenty-five feet high. And then we got into rock, quite a bit of rocky area so we couldn't go much deeper. And we did that as kids, and I remember my next brother to me was just two years younger, so we did a lot of that work. We didn't do it all. The family had other people come in, and do some work from time to time.

WN: When you said chores, what kind of chores did you do for free?

FL: Well, there was always our own room. There was always our own room that had to be kept up. And . . .

WN: Did you each have a room?

FL: No, no. Let's see, my father and mother had a bedroom. And then there was a little bedroom alongside of them, which was always kept for the youngest, the baby in the family, and seeing there were six of us, why, that was pretty well taken (laughs) by others. So I don't ever remember living in that or sleeping in that room. There was another big bedroom on the second floor, and then what we call the big sleeping porch, which was out over the kitchen. And I think three of us lived out there. There was my brother, John, who came along next, and then Dwight was next. And then I had two sisters. We had to split up that way. So I guess the girls got the bedroom, and we kept the sleeping porch, and so on. When that was done, we added an extra bathroom in there, so that the girls had their bathroom, and we had ours. But the house was never enlarged very much, but it was, you know, ample.

WN: Was it two stories?

FL: Well, in a way, it was three stories, because it was built on the side of the hill, so there was a big basement. There was a large basement in it. The laundry was down there, and, you know, this was the days before washing machines. I can remember when we first bought a washing machine. So the laundry was originally done in tubs, and there were these great, big tubs that we had. And then there were long lines in the basement, in order to dry the clothes, inside the house and so on. I guess there were clotheslines outside, too.

Then we had enough land surrounding it, so we always had a garden. And grew a lot of our own vegetables there, flowers. And there was lot of room for recreation. We had a, what we called the sand house. It was small structure with a roof on it and then a lot of sand in it. And this was great for small kids to play in, you know, as soon as they got to be one or two years

old, they'd go down and play in the sand there, and that sort of thing. And then we had other types of things. My family was always very good about our recreation-type facilities. For instance, they let us—we had to do it ourselves, usually. But for instance, they let us build a pit for high jumping and pole vaulting, and then, you know, we'd go down and buy the sawdust and the rice husk to put in there, to mix in the place, so we had our own high jumping and pole vaulting area. I was never very good at pole vaulting.

(Laughter)

FL: Or high jumping, I guess, probably. But my brother was not too bad at it. The neighborhood around us at that point had some fairly large homes, so that there was some fairly big areas, and they were always very good about letting us use those areas. So we played touch football, or baseball, and so on, often on other people's property.

WN: Was the neighborhood mostly *Haole*?

FL: At that time, I think so. The family that lived next door to us was Charlie Hemenway. You know him from the 100th Infantry [Battalion], or the 442nd [Regimental Combat Team], I guess. He was a professor at the University of Hawai'i, and then went to A & B [Alexander & Baldwin], and then became, later, president of Hawaiian Trust Company. And he was always sort of a second father to me, wonderful guy, wonderful man. He had one son who unfortunately got pneumonia when he was about sixteen, seventeen, and died, and this was a terrible shock to him. I can remember being with him the day or two before, and I knew he was pretty sick, and he just never recovered from it unfortunately. But we—we were, well, he was a year or two older than I was, why, we were very friendly, so we did things together a lot.

And there were a lot of other neighbors. We had the Hemenways on one side, there was a family named Sutton on the other side. He was an officer at Von Hamm-Young Company. Across the hill, on the other side, was Judge Lindsey, who had two children, both of whom have died. He was a chief justice of the Supreme Court here for years. Then, on the *makai* side was the Guard family. I don't know whether you know Jackie Guard—there were several Guard kids.

WN: Guard? Did they go to Punahou [School]?

FL: Yeah, they all went to Punahou.

WN: Was that one—well, one of the Kingston Trio was a [Dave] Guard.

FL: Well, that's (not) the same family. Let's see, there was a—I think there was a girl was the oldest, and I think she lives on Maui now, I've forgotten what her married name is. So you asked whether the neighborhood was largely *Haole*, I would say at that time quite definitely. Quite definitely. We were probably a, what, a mile or two from Punahou, and so we either rode our bikes to school, or we walked to school, generally, although there was a streetcar down on Mānoa Road, and you could take the streetcar right to Punahou. But I remember walking a good part of the time.

WN: And so most of the kids who lived there went to Punahou?

FL: No, not necessarily. There was a Burkland family. I don't know whether you know Reynolds Burkland. He was at A & B, and then did quite a bit of volunteer work at the Bishop Museum. I think he's pretty much fully retired from that now. And I, I don't remember their going to Punahou. I think they went to Roosevelt [High School]. So I think we had quite a mixture of kids there, and not all of them Punahou, by any means.

WN: Tell me something about your grandfather [Frederick J. Lowrey], what you remember about him.

FL: Well, he was really a wonderful man. He came down here—his sister had come down to Honolulu when she was sixteen years old. They were born in Pittsfield, Massachusetts. Why they left Pittsfield and moved to Oakland, California, I don't know, except I think it was too cold for 'em in Pittsfield. And they were looking for warmer weather. They may even have had this, what I call Raynaud's reaction. It's family type of, hereditary type of an affliction. I know several of my cousins have it, so I know it's in the family. So I can, I'm drawing out a wild conclusion, but I suspect that they didn't like the cold and wanted to move.

So, anyway, they moved to California from Pittsfield, Massachusetts, probably in the late fifties, 1850s, or maybe, probably, the sixties. And at the age of sixteen, my grandfather's older sister, her name was Ida, I-D-A, got a job, almost like a nanny, taking care of four young children who were coming to Honolulu with their parents. And their parents, the father and mother, were wise enough to know they were gonna be on this ship for three or four weeks, on the trip down here, and so they hired her, on some basis, to come down here with 'em, and she took care of the kids. And they stayed here for something like six months, so she got to know a lot of the local people. My family were staunch Congregationalists, and of course, the missionaries down here were staunch Congregationalists, so she got to know a lot of the kids of them, probably went to the Congregational church here and all. And I guess among those that she met was W. R. Castle. She went back to California and was there for a couple of years. Then he got to be college age, and he went to Yale to college, I believe. Maybe Harvard, I'm not sure, one or the other. And then went to law school at Harvard, and then went to Columbia. This got to be along about 1875, and they were married. They had kept up a friendship from that time. The two of them had met down here, because he going back and forth to college would have to go through Oakland and take the train from Oakland, and I suppose they saw each other every time, or often when they went through.

Anyway, they were married in Pittsfield, Massachusetts in '75, and he at that time had finished college. He had also gone to Columbia, to law school, in addition to Harvard, I think. And had a job with one of the law firms in New York, and that's why he couldn't get away to come back to Oakland to marry. So he got her to go to Pittsfield, where they had friends, and she had friends, and I guess there were some relatives still there, and they were married in Pittsfield, and then went back to New York. And they hadn't been back in New York for more than two or three months, when he got a letter from King [David] Kalākaua, as I remember this, asking him to come down here and be his attorney general for the Kingdom of Hawai'i. And he accepted it. And so they came down here to live, this is 1875.

WN: What kind of contacts did he [W. R. Castle] have with King Kalākaua, prior to that?

FL: I think that probably his father knew King Kalākaua. And the Castle family, as well as a lot



of the others, were, I guess, close to the royal family. (Many of the missionaries and other well-educated people held prominent cabinet positions in the Kingdom of Hawai'i.)

WN: Through the contacts with his mother, Ida, and his father?

FL: Well, W. R. Castle, that's William Richards Castle, was the one who married Ida, and it was his father who probably knew Kalākaua, and Kalākaua, of course, may have known (W. R.) as a kid, and so on. I just don't know. I've asked some of the grandchildren. There's one grandchild here of that family still living, and I've asked him, but he knows nothing about that history, so I've never been able to fill in on that.

WN: Okay, go on, sorry.

FL: Anyway, W. R.—that's William Richards and Ida Lowrey Castle—came back here to live in, sometime before the middle of 1875. And she kept writing letters back to the family in Oakland, saying what a wonderful place it was, and what the opportunities were here, and so forth and so on. So my grandfather decided, gee, maybe this was the place to come to. He had finished grade school and had gone to, what at that time they called sort of a business school, which was almost like, sort of two years of high school, and he never finished high school, but he did finish business school, and then had a job in San Francisco as a bookkeeper, as I remember it. And she kept writing, saying, "Come to Honolulu."

So he wrote and indicated that he was willing to come and they offered him a job at Castle & Cooke, originally, but by the time that letter, which took four or more weeks to get back to the coast, and then his reply, which took another couple of weeks to get here, the job had been filled. In the meantime though, he started to Honolulu and got here, found that the job at Castle & Cooke was filled, so he looked around town and found a job at Lewers & Cooke. So he started in as a bookkeeper at Lewers & Cooke in 1879. And we know the exact date he started, because you can see his writing starting in the journals at Lewers & Cooke, and these journals are all out at the Bishop Museum. He was a person, apparently, who liked to keep records. He was a whiz at figures. He could take a column of figures, and go down it like this, and add it up, and come out (chuckles). As a matter of fact, I can tell you a story, that when Lewers & Cooke bought their first adding machine, he wouldn't trust it.

(Laughter)

FL: He made 'em do it manually, (laughs) until he would trust an adding machine. And later on of course, why, he gave up doing it. But he just had one of those minds that could handle figures and so on that way. So anyway, he comes down here in '79, starts work, and then a year or two after that, a girl who I think he had known in Oakland, but we don't have much record on this, was called by the Kawaiaha'o Seminary to come down and teach at Kawaiaha'o Seminary, which was a school that the missionaries had set up through Kawaiaha'o Church, and so on. So she came down here and taught at Kawaiaha'o Seminary for a couple of years, and then Punahou apparently decided that she would be good at Punahou, and so she was hired away from Kawaiaha'o to Punahou, and became a second-grade teacher at Punahou, and also was assistant principal of the lower school at Punahou. And then she and my grandfather were married, must have been in the early eighties then. I don't have that date in my memory. But now to get back to my grandfather, we had, the

family had a quite a close relationship, and they would come up to our house. They had a car, we didn't have a car until 1917 or '18, I think, my family was able to get a (Buick), first automobile. So they would come up and see us on Sundays, and that sort of thing. And then my grandmother got very interested in the things that later turned into the Outdoor Circle, and she was one of the ones who started the Outdoor Circle, was the president of it for the first, I think, five years. (She was also on the City Planning Commission.)

WN: What was her name?

FL: Her name was Cherilla, C-H-E-R-I-L-L-A, Cherilla Lillian Lowrey.

WN: Okay.

FL: And her maiden name was Storrs, S-T-O-double R-S. And to get back to my grandfather, why of course, I would see him down at Lewers & Cooke, if I were down there with my father, and would see him. They had a chauffeur who they may have sent the car up and picked us up and we'd go down there for lunch, and so on. And then, in those days, you know, you didn't have radio, you obviously didn't have TV, so you were always doing other types of things for recreation, and so on. And one of the things that the family liked to do was to go on picnics. And I can remember many, many picnics to all parts of this island, way, way back, when cars were completely open. You know, long before the days of glass on the cars, and if it rained, you had these side things you had to pull down, or put around to keep the water from coming in.

And I can remember long trips to Waimānalo, and boy, the roads in those days were something. And the road to Waimānalo was very different from the road to Waimānalo today, went down different, went in back and down. But the beaches were wonderful, and there were some wonderful places to eat down there. The Waimānalo [Sugar] plantation, to protect the sugarcane from the winds, built a windbreak of ironwood trees, and that ironwoods trees were a wonderful place to go down for a picnic, because it was shady and so on. And I can remember several picnics down there. I can remember picnics down at Sunset Beach, and I remember it was so hot down there at times, you'd go in and you'd get under the bridge that went across the streams, and we'd eat in under there because it was so much cooler than trying to be out in the sun, and so on.

And then another place that we drove to several times was Waimea [Bay] Beach, and those are the ones that just happen to come to mind.

WN: Those are long hauls. I mean . . .

FL: They were.

WN: . . . in those days.

FL: They were long, they were all-day trips. You started out early in the morning, you didn't get back until dark. And the roads weren't all that good, they weren't paved in a lot of cases. And then as I got older, why, sometimes when my family would go off to the Mainland, and take the younger kids, they'd leave John and me, who, we're the two oldest, they'd leave me

with my grandfather. My grandmother died very suddenly in 1918 of a massive stroke, and so we lost her at that time, so I can remember staying with my grandfather. He was a very strict person, but with a strictness, he always had a twinkle in his eye, and he was always, you know, he was a very interesting (and gentle) person. I had a great admiration for him.

(Even though it is now sixty to seventy years since these particular discussions took place, they are quite vivid in my mind.)

(One of my first and foremost impressions of him is how careful he was about money matters. He was very strict in the sense of making us realize the responsibility of money—what we did, how we used it, and so on. For instance, he taught me my first lessons about the use of debt. He made the remark that all debts are always repaid. He meant by this that if the borrower does not repay the lender who loans the money, then the money is not repaid and the lender pays the bill to balance his account. In other words, the lender loses what he loaned. He pays the loan. And therefore, all loans are always repaid. This was one of my first lessons in money management and it has stuck with me ever since. And it is why when I was at college and started reading about Keynesian economics, I was very reluctant to accept the Keynesian theory and really never have and feel that it is why we have gotten ourselves into so much trouble since the 1930s when [President Franklin D.] Roosevelt started to use it.)

(My grandfather was full of stories of old Hawai'i and so we got many glimpses of this through him. He also had one of the early electric runabouts here. It was an open car, electric, and the intriguing thing to me was that it didn't have a horn on it like most automobiles but had an electric bell on it. For some reason, this was always interesting to me.)

(Another very clear recollection I have is his telling about how they paid the bills in the early days. Paper money and banks weren't all that normal, and while a lot of transactions were handled that way, a lot more were handled by cash. And he at Lewers & Cooke felt he wanted most of the bills to be paid by cash and he described the way that they did it. They put either gold or silver coins in a wheelbarrow and went around from place to place and paid their bills that way. This was a very interesting memory of the days from late 1880s when he started until banking and checking and so on became a lot more acceptable.)

(Many of his stories also were related to the Lewers & Cooke sailing vessels. Lewers & Cooke, being in the merchandise business and bringing in a significant part of the lumber, had to have transportation, and in its early years had no ships of its own so had to charter or get space aboard a ship to bring its lumber in. But then sometime in the sixties or seventies, they bought a barkentine ship by the name of *Hope*, H-O-P-E. She, however, burned in 1889 and so was lost, and Lewers & Cooke was in a problem. Fortunately, however, several of the partners of Lewers & Cooke had—and some, perhaps, nonpartners—had contracted with a company in Seattle to build first the *Robert Lewers* and a year or so later, the *Alice Cooke*. These were four-masted sailing ships with a fore and aft rig and were very adaptable to the Hawaiian trade. Running before the wind to Hawai'i but having to beat back the windward were more efficient than the square-rigger type vessels that more often had been used. The *Robert Lewers* was, I believe, delivered in 1889, and the *Alice Cooke* was delivered in 1891. They were pretty much sister ships with the exception of the rigging of the spanker mast—that's the last of the four masts. The *Robert Lewers* had a gaff rig, but the *Alice Cooke*



was rigged with a fore and aft, but no gaff, but had then what was called a ringtail topsail, which gave her the full sail complement of the *Robert Lewers*, but she was easier to handle running before the wind, was easier to bring her about.)

(As the First World War began to come about, the American Hawaiian Steamship Company which supplied Hawai'i with a lot of its materials either had to or did withdraw some of its ships from Hawai'i, leaving Hawai'i with an inadequate shipping capacity. So, Lewers & Cooke, in 1913—by the way, the company at that time only had eighty employees, giving you some idea of the size of the company at that time—but the company bought a three-masted schooner by the name of *Repeat*. She was called a baldheaded schooner in that she had no topsails. She was much smaller than the other ships, the *Robert Lewers* and the *Alice Cooke*, but she was able to enter many of the smaller lumber ports on the Pacific Coast and did a great job for the company during the war. The *Repeat* was sold during the latter part of World War I, leaving the company with just the two four-masted sailing schooners, the *Robert Lewers* and the *Alice Cooke*.)

(I think I showed you paintings of the two that are on my wall here. I was fortunate in being able to pick these up from Champion Paper Company when they liquidated all their operations in Honolulu and have enjoyed them ever since. They have always been very meaningful to me because as a little kid I used to see these pictures on the wall. And one of the things the family was always interested in was the movement and the arrival of these ships because it meant the arrival of new inventory for sale and talks with the captain and other crew members who we, in a way, got to know.)

(The ships were a great asset to the company during the years that they ran, but there were major problems. At one time one of the captains was swept overboard in a storm and lost at sea. And there were other accidents aboard the ships, which were, of course, problems. The *Robert Lewers* sailed from the time she was delivered in 1889 until approximately the early twenties, when she unfortunately tried to get into the Straits of Juan de Fuca and was not able to make headway against the storm. The tug had been called and came out to try and pick her up, but the tug was never able to get a line aboard her and she ended up on the rocks on the southwestern coast of British Columbia, Vancouver Island, and was a complete wreck. All the crew were saved, but the vessel was a complete loss. The *Alice Cooke* continued to sail until about the middle twenties when unfortunately she ran into a very severe storm off the Columbia River and the port of Astoria and was severely damaged to such an extent that the company had the ship towed to Astoria and she was never used to haul lumber again but was sold to an Alaskan ship cannery and used as a barge platform.)

(In the meantime, after the war, needing a greater lumber capacity, the company bought a used four-masted schooner, the *Commodore*, in about 1920 or '21, and the *Commodore* was quite a bit larger than either the *Robert Lewers* or the *Alice Cooke*, carrying approximately a million-and-a-half feet of lumber against the million feet that the other two had carried. And the *Commodore* operated successfully all during the twenties and into the early thirties. But beginning in the thirties with labor problems starting and stevedore problems on the Pacific Coast in the Pacific Coast ports, it got more and more difficult to be sure whether we could get lumber, number one, and if we got it aboard, when we would get it to Honolulu. About 1935 the company decided to give up the last schooner, the *Commodore*, and she was sold to the Matson Navigation Company, and the company then used Matson to bring in all of their

lumber from the Pacific Coast with the following exception. There were ports from northern California through Oregon and Washington that were where the bar and the channel going into the lumber loading docks were so shallow that the Matson lumber ships could not get in. So, arrangements were made with barge companies to go in, pick up the lumber, and then a tug would pick up the barge and bring the barge to Honolulu. This was done to some extent but was never a great part of the lumber trade coming into the Islands, as far as Lewers & Cooke was concerned. Later on, other companies used barges to a greater extent.)

(Finishing up with the schooners, on a more personal note, my father tells the story that one of his early boyhood recollections was a party given aboard the schooner *Alice Cooke* in 1891 after her arrival in Honolulu on her maiden voyage. The party was given by Mr. and Mrs. Clarence M. Cooke for their daughter Alice for whom the ship was named. Alice Cooke later married Philip E. Spalding, who was at one time a vice president of Lewers & Cooke before leaving Lewers & Cooke and moving over to C. Brewer & Co., where I think he stayed until his death many years later.)

(Two other personal recollections, which may be of interest. Believe it or not, my brother John and I saw our first snow and ice aboard the *Commodore*. This may be hard for you to believe, but what happened was that the lumber would be cut and stored in the Pacific Northwest. And in the wintertime with the weather well below freezing point, the lumber got extremely cold. And then it was loaded aboard the schooner in this very cold condition. Then it might snow during the operation. So that when the ship arrived here and they took off the deck cargo, why, that had probably thawed out during the thirty days or so at sea coming down. That was about the average time it took. Some trips were as slow as twenty-three or -four days, and some might last as long as thirty-five to thirty-six days. Anyway, the deck cargo would thaw out, but when they broke into the hatches and started to unload the cargo below deck, why, there was some snow and some ice. And so, here were two little Hawaiian kids, my brother and I, we'd go down there to see the ship and visit and see how the unloading was coming along. And below the decks, here was snow and ice. So this was our first experience of seeing that, at least on the ground. We might have seen it at a distance on Mauna Kea or Mauna Loa, and so on.)

(Just one other piece of information. In the summer that my father or the time that my father told me that he could no longer cover any further costs on my college, I guess was after my first year, I looked around to see what I could do about earning my way through. And it seemed to me that it was going to be pretty difficult job to do, and I thought, well, the better thing to do at that time was to come back to Honolulu and try and get some sort of a job here. So, we drove across the continent, which only cost us twenty dollars the way we did it—dividing up the cost amongst four guys—and then I was able to get transportation from San Francisco to Seattle on a freighter and that cost me, as I remember it, twelve dollars. I went down to Tacoma where the *Commodore* was loading and had already made arrangements for me to come down as a working hand, ship's boy or something, anyway, to be of some help. And so I helped out during the loading process around Tacoma. Also spent quite a bit of time in the mill that was cutting the lumber for the vessel so that I learned something about logging and lumber operations of milling and so on, and the loading of the vessels. And then I came down aboard the *Commodore*. We finished loading late on a Friday, as I remember it. And on a Saturday, we called for the tug to pick us up in the morning. And we had to test the compasses and so on, so the tug moved us around various places as we tested the compass to

make sure that they were all right. And then the tug hauled us from there up Puget Sound past Seattle and then out the Straits of Juan de Fuca. And very late that Saturday afternoon, probably four or five o'clock, the tug cut us loose about thirty miles off Tatouch Light, which was the marking point for the south shore of the Straits of Juan de Fuca.)

(So we were under sail at that point and started out, hopefully, to Honolulu. But that night was a dead calm and (chuckles) the dead calm continued for one full week. And the following Saturday night, we could still see Tatouch Light, which meant that we had moved in and out with the tides for seven days and made no progress whatsoever toward Honolulu. Fortunately, however, the winds came up that night and we were off to Honolulu and had a pretty good trip until we got off the north coast of Moloka'i, north of Kalaupapa, at which point we ran into another case of no wind. Of course, Lewers & Cooke in Honolulu knew the ship was there and they (chuckles) at this point needed the lumber bad enough so that they sent a tug out to pick us up. And it was a very enjoyable moment to have the *Mikioi* or whichever one of the other tugs it was come alongside and have Jack Young, who was skipper of the tug, wave to us and get their line aboard and tow us from Kalaupapa into Honolulu.)

(I don't seem to have any recollection as to just how long that took, but it was a fascinating trip to be aboard one of these schooners and see how they operated. They had no power whatsoever aboard except a steam winch which could be used to haul sails up and down and that sort of thing if necessary. We had no cold storage. The iceboxes were filled with meat and so on, but they were such that they only lasted for about three days. And then, all of our fresh meat was gone and we lived on salt pork and salt meat, beans, and other cereals and so on for the trip. It's really interesting what you can do with some of those products and make very worthwhile and enjoyable meals out of them. I learned to like beans and have always liked them since as a result of that trip. But it was a real experience to see how lumber was brought down in the old days. And of course, at that time, we still were using the *Commodore*, but it was only a few years later that the labor problems and other considerations made it worthwhile to sell her. Another very important consideration in selling the *Commodore* was that she brought in a million-and-a-half feet, which was a significant part of our year's sales. And if she made four trips a year, which was the best that she ever did, why, our lumber came in in four chunks during the year, which made handling inventory extremely difficult and it meant we would run out of certain things and also it was harder and harder at that time to find mills in the Northwest who could take the *Commodore* and fill her from their docks. So that when you added the inventory problems, the unknown delivery problems, and the labor problems, and so on, it made it probably very wise that the company sold the *Commodore* within a year or two after that trip that I was fortunate to go on her.)

But anyway, coming back to my grandfather, I remember spending one part of one summer with him, my brother and I, John and I. And it was a very interesting summer because it gave me a very different perspective on—instead of a father, you had a grandfather back and a lot more history involved and so on. He was a really wonderful gentleman. He was very interested not only in Lewers & Cooke, but (in all aspects of the world). I think he was one of the original stockholders and started O'ahu Sugar Company. I know W. R. Castle, who was his brother-in-law and they lived next door to each other, was instrumental as one of the founders of 'Ewa Plantation and I think my grandfather had something to do with O'ahu Sugar Company. I know he was an officer of it and director that time.

And also, he had something to do with the Waiāhole tunnel. Because I've seen pictures of the opening of the Waiāhole tunnel, which brought water through the mountains. It was the first tunnel that was put through—well, I guess it's the only tunnel through the mountains—still operating. And the only way you could grow sugar on the O'ahu [Sugar Co.] lands was to get water. And so this was the whole reason for putting that tunnel through. And these guys, they took fantastic risks. I don't think you and I would even consider. Imagine going out and drilling a *puka* through the mountains to get water to start a plantation. I don't know the history of all of that. It's all probably been written up many times, but anyway, he always had interesting stories like this to tell us.

WN: Did he spend a lot of time at Lewers & Cooke?

FL: Did he?

WN: Yeah.

FL: Oh, he stayed there until practically the day he (could not walk any longer). He gave up the active title. . . . No, let me rephrase that. He gave up his responsibility for the active management about 1928 and my father was made manager, but my grandfather was still president. My father was vice president and manager at that time. And then. . . . I'm not sure when he retired as president. Maybe in this book . . .

WN: They have. . . .

FL: It's in that book.

WN: Well, 1903 to '41. And your father took over in 1941 as president.

FL: You're right, you're right. So he must have. . . . Sometime around 1928 or '29, he gave up the, more or less, the active management to my father, but he stayed on, as you say, you're right. It's in this book here, too. This is the same one that you saw the other day.

WN: It's *One Hundred Years of Building in Hawai'i*.

FL: Yeah, yeah.

WN: Okay. Let me turn the tape.

END OF SIDE ONE

## SIDE TWO

WN: (Taping distorted.) So, you started Punahou [School] from the time you were. . . .

FL: I started Punahou when I was five years old, so it must have been around fall of 1916 or fall of 1917. And in the first grade, we were—Bishop Hall was still where the first grade was at



that time. And I can remember very well the room where I first went to school there. We stayed in that building until, let's see, first, second, third, fourth, fifth, sixth grade. So through all six grades, we were in that Bishop Hall. That building now has been completely torn down quite a few years ago and there's another building in its place now.

Seventh grade was up where the present elementary school is now. It actually was an old—I think it was part of a dormitory system. In those days, lot of the kids lived on the plantations around. They couldn't come in every day. No transportation. All the kids on the neighbor islands, there were no schools to go to there that would prepare them for college and so on in the way they apparently wanted to be. And so Punahou had a large dormitory system, one for girls and one for boys. And the boys' part was later given up about the time that, I guess, I went into seventh grade because seventh grade was up at this other. . . . I can't remember the name of the dormitory at the moment. And the girls' dormitory was kept for many years after that 'cause it was still in existence when I finished high school at Punahou. So I was there for seventh and eighth grade, maybe ninth, and then we moved down to Pauahi Hall, which has now just been renovated, for, I guess, ten, eleven and twelve. And then there were a couple of surrounding buildings there that have been torn down. They were all wooden buildings at that time. They've been torn down and new modern buildings have been put in.

So, those were my high school years. They were reasonably happy years with a good group of guys. The athletics were great. I never was an athlete in any way, but I went out for track and cross-country, I guess. And gee, I don't remember all, but I do remember that I never was good enough to take a win or place and so on. Ginky Crozier—I don't know if you remember the name or not. Ginky Crozier was the track coach at Punahou in those days. He decided that having three or four places was bunk, so he always ran his meets where there were twelve places that counted. (Chuckles) So the guys who were as good as twelfth, at least they felt they'd won a place. I never even won a twelfth place, I once came in thirteenth.

(Laughter)

WN: Just missed out.

FL: (Laughs) Just missed out. But those were really happy years. School was always kind of tough for me. My grades were never all that good. I did well in math. English was difficult. Latin, French, and English were really difficult. I remember my college board grades were horrible, except in math. In math, in geometry, I got a 90—those days, they marked on the basis of 100. Now, they mark on the basis of 800 or something. So I remember getting a 93 on my college board in geometry. When it came to algebra, I found that algebra and I didn't get along together very well. (Laughs) I wasn't as good in algebra. But then we got into solid geometry and trigonometry, I got a 93 or 94 in my college board exam. So my mind worked in spatial relationships like trigonometry and geometry and so on, but when it came to the theory or philosophy or whatever involved in algebra, I wasn't very good at it. And the same thing came through in college. When I went to college, I took analytical geometry and I did very well in it. Then I got into calculus and I damn near flunked it. I don't know, my mind just didn't function in that area.

But the Punahou years were, you know, it was a happy time of growing up. Relations in the family were all good. We had cousins at Punahou and second cousins at Punahou. Of course,

at least you knew almost everybody. Of course, the school was much smaller. And I think our class only had something like eighty people in it. So we got to know people very well. And the family by that time had a car, maybe two cars. So we could borrow the car, or one of my friends would get a car and we'd go off bodysurfing around the island (on weekends). I never was very good at surfboarding. But we bodysurfed all over. The boards in those days were very different. They were made out of redwood and they were very heavy. And they were too heavy to carry. They had automobiles and all this sort of thing. So we just said, you know, the heck with surfboarding, we'd go bodysurfing because there was bodysurfing all around the island, different places. We went to Waikīkī, yeah, sure, I had a surfboard at Waikīkī. I think I was a member of the Outrigger [Canoe] Club for a while. If not, we had friends who had beach places out there and you could leave your surfboard out there with them. I remember the family had a friend. I think he was the head of one of the big railroad companies in the East, and he had a stroke. And he came down here to live, and he got the front cottage at the Halekūlani, and he kept it for months. And so he enjoyed having us come out there, and let us keep our surfboards out there.

WN: While you were at Punahou, did you have any idea of what you were going to be doing? I mean, was it tracked for you by your father and grandfather that you were gonna take over, at that early time?

FL: I think there was a certain amount of that in it, but—and I think maybe, I think I more or less sort of felt that that was a responsibility, sort of. But when I went away to college, I began to get very different ideas, and I looked for jobs on the Mainland, and sought jobs on the Mainland, and had offers on the Mainland, and I remember when I finished college, I definitely had the idea that I was going to stay there. But whether my father sort of got wind of this or not, I don't know. My uncle, Sherwood, who is Dad's next brother to him, was then treasurer of American Factors. And I remember going to dinner one night with my aunt and uncle, in Boston. And after dinner, we were sitting around, and he turned to me, and he said, "Fred, what are your ideas on work after you finish?"

And I said, "Well, I haven't made up my mind yet." I said, "I sort of would like to stay in the East and work for a while, and sort of prove myself and maybe try something different."

And he turned to me in a very sort of a, almost sort of a commanding way, and said, "Look," he said, "things back in Honolulu are very bad at this point." He said, "You were told by your father three years ago that he couldn't afford to give you any more money, and you've been on your own and working your way through." And he said, "Things at Lewers & Cooke are pretty bad." And he says, "Your father needs your help." And he said, "I think that it's up to you to come back," and so on.

Well, that was kind of a thunderbolt to me, because I hadn't made up my mind to come back. But then, all of this guilt sort of came back, as if, you know, well, gee, it's my obligation, maybe, to go back and help my dad.

(Taping stops, then resumes on next tape.)

## END OF SIDE TWO

TAPE NO. 22-10-1-92; SIDE ONE

WN: Okay.

FL: Anyway I, as a result of that discussion with him, I sort of felt that, that I really had to come back, and Dad did come back to my graduation. And I guess at that time, I had written him and said that I would come back. And so he was East on business and came up to graduation, and he went back to Honolulu right away, and a group of us drove across the continent. As we did, whenever somebody would have a car, we'd drive across. And it was by far the least expensive way to go, because we could drive night and day by rotating. Take four guys, you'd have, the idea was to have two guys in the front seat, two guys in the back. One guy driving, he never drove for more than an hour. The guy that was sitting next to you would be the guy who was gonna drive next. And he would keep an eye on you to make sure you didn't go to sleep. And two guys in the back of the car had already had their turn at driving and got what sleep as they could in the back. And then we just more or less drove, sometimes twenty-four hours a day (chuckles). And we'd go across the continent in three days. Even in those days, when the roads were not all that good.

Well, anyway, to answer your question, so I came back to Honolulu, and the first job they gave me was to start taking inventories. We had so many items of merchandise—it was in the thousands—because we had hundreds of tools, or literally, maybe a thousand different tools. We had plumbing supplies, we had all builder's hardware. All the types of things that went into builder's hardware in those days. All the things that made up locks. And in those days, you didn't have locks like you do now, they were made up from other parts to some extent. And then, we were in the lumber business, we were in the glass business. We had a pretty broad range. We were even in the wallpaper business in those days. We even had wallpaper. Now, I guess wallpaper has come back, nowadays, but it went out I know. We even had rugs, we sold rugs. We sold Chinese rugs. We sold Persian rugs, and so on. That was out of my field, though, that was too much for me.

But anyway, I was—so we took our inventories four times a year, at three-months interval, because to take it all at once, you would have had to shut down the whole organization. So by taking quarterly, we had an inventory crew that sort of did this work, and they sort of put me into that, and trained me to do that. So for the first five quarters that I was at Lewers & Cooke, I did nothing really, but take inventories. But it was one hell of a good way to get experience in knowing something about the materials and what we carried and what I was going to have to sell for the rest of my life if I stayed at Lewers & Cooke.

WN: Now, this is in '34, after . . .

FL: This was in '34. So I got back—we were married in—wait, wait a minute, I wasn't married then.

WN: Yeah.



FL: I came back here. I came back here right out of college. And so I got back here, I suppose sometime in June, and I worked in June—here, I wrote this down to keep it straight. I came back here in June, probably started work in June of '34, when I got back. Maybe June, July, or August. And I worked the rest of that year and 1935, and I could see that Lewers & Cooke, having gone through the depression, we're just barely beginning to see the signs of coming out of the depression. And we had taken a horrible licking. Lewers & Cooke almost went broke. City Mill did go into receivership, at that time. Only at that time, they didn't, the bank took 'em over, and put their own man in to help run it, and pulled City Mill out. And we were all in real deep difficulty at that time. There just wasn't enough business to go around. I'm afraid we're headed for the same damned thing again, right now. I mean, I think we're at the beginning of it. But, that's another story.

WN: So the depression really affected the business.

FL: Oh yeah! My brother, Dwight, who—that's Dwight H. Lowrey—who went to work first for the Bank of Hawai'i, and then was at Cooke Trust Company. And then when Cooke Trust Company merged with First Hawaiian [Bank], he moved over with them. He later retired as an officer of First Hawaiian. I remember Dwight telling me this story, that Dad came home one night, and said if we hadn't gotten a sale of a little over a thousand dollars today, we would've been on the verge of being broke. And that's how serious the thing was. And so, in thinking back, it was probably that sort of thing that triggered my uncle to—when he came back on business—to see me, and tell me how serious the situation was, and that my father needed help, and he thought that I ought to come back to Honolulu, and go to work there. Rather than stay in the East, and get the extra experience in the East.

WN: Was it unique, the depression on your business, was that unique to that type of business?

FL: I missed you on that.

WN: You know, the depression affecting building supplies . . .

FL: Right.

WN: . . . business. Was that a unique thing to businesses . . .

FL: Oh, I think all businesses were very seriously affected here, some more than others. I think a lot went out of business during that time, but I don't know, because I wasn't here. See, I wasn't here from '29 to '34. But things were very, very slow when I came back in '34. On the other hand, I could see being young and having decided I was gonna come back here and go to work, I wasn't going to sit back and do nothing. My job was to try and, you know, take this company and move it forward, even though I was just a lowly inventory clerk at that time. Having gone to Harvard, I graduated from Harvard with honors, so I must have done reasonably well. But my ambition, if I was gonna come back here, was to do something with this. And to make a career out of it. And so I studied our situation, really night and day. I lived with the family. And while I, you know, I went out and dated, and all of this sort of stuff during that time, I spent a lot of time studying where Lewers & Cooke could go, how soon we were gonna come out of the depression, how best to try and bring it out of the depression. And try and give as much ingenuity and new thinking to the company, because,

you know, they'd been through the depression. It really knocked 'em out. It was like a real bad body blow. And so, I came back, though, fresh from that, not having experienced it, and so my job, as I felt, was to do everything I possibly could to find ways and means of starting to expand the business where we could see opportunities. So I immediately talked to Dad about bringing in new, younger guys who had good experience and had capabilities of moving ahead and moving up the line. And so we started gradually hiring during that latter part of '34, and also '35. We hired several very capable guys who later went on to become vice presidents and actually presidents of subsidiary companies, that we hired at that time. So I think we did a fairly commendable job of picking out kids, and so on. One was Gibby Rietow. I don't know whether you knew the Rietow family here now. Gibby was a very capable guy. He started in at that time.

WN: R-I-T-O?

FL: R-I-E-T-O-W.

WN: Oh, okay.

FL: And he was tied in with the Gibson family. I think his mother—I don't know whether his mother was a Gibson. R. Gibson Rietow, I remember, was Gibby's name. And he unfortunately died after he retired, of cancer of the jaw. Very, very sad story. Gibby, in the whole time that he was at Lewers & Cooke, which was probably forty-something years, never lost a day of work. But he smoked a pipe, and the day that he retired, he got word from the doctor that he had cancer of the jaw. And I remember the dinner party that had been arranged for him at that time. And I went and he and his wife were there, and I noticed that they were kind of subdued, and so on. And I didn't know, of course, at that time what it was. And I only found out later. But I think Gibby lived for about two or three years. But, oh god, cancer of the jaw is awful. I never would go through it. I would find some way to make an exit to, rather than go through that kind of thing. And, Gibby, he was tough.

Anyway, we hired several guys that went all the way on up the ladder. Others left us. I always felt that I never kept a guy, or never urged a guy to stay at Lewers & Cooke, unless we were absolutely sure that we had the right spot for him and that he was sure to be able to move on up the ladder. I always felt it was wrong to tell a guy to stay on, unless I was sure of that, or unless the others in the company were sure of that, because, you know, if he wanted to go out and try something else, I felt that he should have that opportunity. And that a manager or a boss should never hold somebody back, say, give him the runaround, and say, "Well, you know, you're gonna get promoted, or we'll give you a raise," and so on, and keep him on, unless you could really be sure that that was gonna be. So we did lose. We did lose several guys who went on to do very well in other companies. But at the same time, I'll never regret it, because I never was sure that we could take care of those guys.

Anyway, in 1935, in my zeal to try and get some of these things going, I made a lot of—well, I stirred up a lot of trouble. And a lot of the old-timers, who had unfortunately gotten into their ways of things during the depression, and so on—which I don't criticize them for—but, they weren't able to bring themselves out of it and see the opportunities. And so I came along, here I was, a fresh, young kid, and the boss' son, which made it all that much more difficult. I got myself into trouble with a lot of the guys up the line.

WN: So, I mean, what was—what changed? I know you said you brought in some new people, but what else?

FL: Well, okay, several things. I saw the need right away, that we were stymied. I put a map out here for you. At that time, I could see that we were absolutely limited as to expansion.

WN: You were over in, on Queen Street.

FL: We were on King Street, 177 South King Street. And we were really stymied. Here we were at 177 South King Street, we had had a lumberyard property years before down at Iwilei, but that had been tied in with the fact that in those days, the lumber to the plantations all moved by railroad. So when the railroad started to [decline], and the trucking started to come in, we gave up that property, and it was leased property anyway, we gave that up. So we didn't own that property. (We leased) the headquarters here at King Street. And right down here a few blocks, at Kawaiaha'o and Cooke Street, we had our warehouse, and lumberyard. Kawaiaha'o and Cooke Street was the warehouse, and, let's see, Queen and Punchbowl was where we had our lumberyard. It's right where the state transportation office building is.

WN: Oh, okay.

FL: State transportation . . .

WN: Oh, Queen and Punchbowl, all right.

FL: Yeah. That was Lewers & Cooke property, we owned that.

WN: So you had three then, at that time.

FL: We had three locations.

WN: Three locations.

FL: But we were limited there, because everything had grown up around us, and the civic center was moving right into us. And we knew if we didn't get out, that, you know, they'd condemn the property. And I could see that in 1934, it was clear enough to me then. So besides building personnel to take care of the future, I saw the need of building capital and also expanding our land. And while I didn't have anything to do with any planning, and we didn't have any planning organization—I'm more or less the sort of, just did it on my own. I've always loved to plan. I've always liked it, comes sort of naturally to me. So I saw this, I saw this all. And I said, "You know, if I'm gonna come back here, and this is gonna be my career, I gotta have somewhere to move to. I can't stay here and be frozen in by the limits of the land that we own." (Lewers and Cooke was not psychologically prepared to consider land expansion in 1935.)

(In 1935) we had first made progress in increasing our staff with capable people that could move ahead, and also young guys who hadn't been burdened by the tremendous depression that everybody went through. You know, the depression is not only depression in business, but it's a depression mentally, because your salary is cut. For instance, the reason my father

wrote me the letter in college—and I remember the letter. He said, “Fred, I’ve had to cut salaries.” He said, “My salary was, as president of Lewers & Cooke, was \$12,000.” He said, “I felt it was my obligation to take the biggest cut, so I cut my pay 25 percent.” He said, “I took my next echelon of people and I cut them 20 percent. The next echelon, we cut 15 percent.” And then I think everybody below that was cut 10 percent.

And that’s the only way we survived, was by cutting expenses that way, and not rehiring, so that our number of employees dropped during that period of time. But we tried our best to keep as many people as we could, during that time. (One other very important improvement which developed out of taking inventories for a year, was the realization of how little we knew we had in stock, or how much we had on order and on the way, and sales of each item in inventory. So, during 1935 we began the development of a perpetual inventory and daily sales-card record system. IBM does it automatically for you today; but we had to do it manually day by day, but this was fifty-seven years ago. It was a great sales help. We were following the market closely and were more likely to have ordered something and had it in stock in a growing community. It also made actual inventories easier to take. Ordering was triggered and we knew what we had on the way and what we had in stock. Slow-moving items could be cut back on. Our inventory dollar was more efficiently invested. This system kept us in touch with the market and allowed for faster price changes to fit conditions and increases or decreases in inventories as the building cycle kept changing.)

WN: Did—you were more or less put in charge of the land acquisition?

FL: Well, I wasn’t put in charge until after I came back from college, I mean from [Harvard] Business School, and at that time, I recommended that we form a formal planning committee. And the directors did that, and they put me in charge of it, but that wasn’t until after business school (in late 1937 and early 1938). (In 1935 I had attempted to do too much too fast, but we did get things underway.)

WN: So prior to business school, you were more or less in inventory (and inventory controls).

FL: (Yes.) Oh, and the other thing that bothered me was that our equipment, I felt, was old, and not really up to date. And so I put in a argument that we increase our equipment and try and get some more modern equipment and so on, which we did. And then other guys carried that on, while I was away at school [1936–37] (and put the perpetual inventory control system to good use).

(Getting approval to put in a fairly uniform inventory and buying control system in a hurry—because it was badly needed for maximization of the profit control of our inventory dollars—did antagonize some of our merchandise department heads who had for years handled their buying in their own informed and individual ways. This made it difficult for top management to supervise or control assigned inventory dollars. So I ran into disagreements with old-time department heads.)

(We also completely modernized the whole first floor sales display. It was widely complimented by our customers. But again, being in overall charge of it, it had to cause some friction with individual merchandising department heads. So again to get it done caused some friction even though the overall efficiency of the total display area was greatly improved. But



I had to keep pushing to get these improvements agreed to by old-timers who had done their thing their way for many years.)

So I got into trouble with a lot of these other people. And I went to my father, and I talked it over, and I said, "Dad, you know, I'm in trouble with these other people."

He says, "Yes, I know." And he says, "I'm a little bit concerned about it."

(Laughter)

FL: But I said, "You asked me to come back here to help." And I said, "I've tried to do it, and I'm sorry that I've stirred up too much trouble." And I said, "Maybe the best thing for me to do is to ask for a leave of absence."

And he said, "Well, what have you got in mind?"

And I said, "Well, I'll ask for a leave of absence to go back to business school." Then I said, "It's a way of getting me out of here, legitimately, and it won't cause too much trouble. You've got younger fellows in, that we've brought in, who can help you, and do some of the things that I've been doing. And others, you'll find while I'm away at business school, and hire them. And then, while I'm at business school, why, I can learn all the things that I think I need to if I should want to come back here, or if things are such that I decide I don't want to come back here, why, you're still moving ahead and we've at least laid the groundwork with the staff growth and with the major (improvements in inventory control) that we'd made. And with the equipment and so on. At least you've got the opportunities now, to grow." Which we didn't have before we started this. (We could add to our warehouse buildings and look for more space.)

So I put in for a leave of absence and I left in December of '35, and went back to business school. And arrived back there in January, and they had at business school, what they call the extra session. So many guys who went to business school, didn't like it, or couldn't make the grade, that by December, a lot of guys had dropped out, or they fired a lot of guys, so they had what they called an extra session. And you started in, in January, and then you went right through the summer. You didn't get any summer vacation, and the next year, you started in your second year. So I got into what was called the extra session, in January of 1936. So went through that summer. I couldn't afford to come home that (short one month) summer, so I (made a trip West and called on several Lewers & Cooke suppliers). And then, went to business school again and finished in 1937, but I did not graduate. They flunked me out. (Chuckles)

I think the reasons were twofold. One was that I sort of thought that I had an idea as to what I wanted to do, because of my Lewers & Cooke work, and the things that I wanted to (spend) my time (on). And then also, I met a girl that I was quite interested in. We got engaged sometime (in 1937).

WN: You were married in '37, though, right.

FL: That's right, I went back in '36, so I met her when I got back there. I had known her when I

was in college, but it was no thought of anything other than, you know, just friends at that time. So we were engaged, I think, probably in early '37. And then we were married in September of '37. She had a car, and so we drove the car across the continent, and brought it out here. And we took a month driving across the continent, had a wonderful time. And then brought the car down here.

So we got back here, and I started work here again in, probably November of 1937.

WN: Were any—did you notice any changes between '35, when you left, and '37 when you came back?

FL: Yeah, we had hired some additional guys, couple very capable. One went on to become assistant treasurer. But then he left us and went out on his own. And several others. I can't remember 'em all now. But we did have a—with bigger staff. Things had changed a lot during that time, in that the whole attitude had changed and there was more of a feeling of expansion, business was beginning to pick up.

WN: The effects of the depression were . . .

FL: Well, it wasn't over, by any means. We really had a hard time in '38. And even toward the end of '38, things weren't all that good. But we did have the basis at that time, the ingredients had been put together to grow and so on. And we'd made further (merchandising) contacts on the Mainland. And as a matter of fact, the summer that—let's see, I said I worked (for a month) that summer (1936 between extra sessions and the regular second year of business school). (They asked me to call on several companies on the West Coast, in the Pacific Northwest and San Francisco areas. I drove across the country again for a few dollars. What we had done in 1935 was paying off.)

WN: Did you already know at that time that you were flunking out, or . . .

FL: No.

(Laughter)

FL: No, I didn't. (I had passed the extra session with average grades and no signs of possible trouble.)

WN: Oh, okay.

FL: I'd passed (all my courses in) the first half (of the second) year all right, and all. But I talked it over with my wife-to-be, and I said, "You know, what do you want to do? What do you want to do with your life?"

And she was the oldest of four, and she had three younger brothers. And her family was very boy-oriented. And so she always sort of felt left out. So when she and I decided we were gonna be married, and we talked about things to do and the job offers that I had in the East, 'cause I kept looking for job offers in the East. And one of the things that I did was to, and one of the things that my father did, was to ask certain of the companies that we did business

with, like Pittsburgh Plate Glass Company. We represented, at that time, Sargeant Builders' Hardware and, oh, (many) others. And I went around and interviewed them, or they sent people. They would always send people up to Harvard to interview guys at Harvard. And I remember being interviewed by several at Harvard. And I remember the Pittsburgh Plate Glass guy that interviewed me, because we became great friends. And he later came out here, and I entertained him a couple times out here. And he said, "Well, Fred, why don't you come to work for us at Pittsburgh Plate Glass, and work for us for a couple of years, we'll give you all the experience, and then go back to Lewers & Cooke."

And so I talked this over with Janet, and she said, "No," she said, "I'd rather go to Honolulu. She said, "I like the idea of Honolulu." She says, "I've never been there. I don't know exactly what it's gonna be like, or anything else," but she said, "I would rather go to Honolulu, and not stay here."

So when we were married in, as I said, in September, and we drove across the continent, got back here in November. And my family had found a house for us, up Nu'uanu. And we lived up there for several months. And then moved to a house up on upper Mānoa Road. During that time, I asked her, "You know, where do you want to live in Honolulu?"

This happened right after we got back here. And so I said, "Let's just make it a job, and fun, and we'll look around and see where we want to live. Honolulu is an unusual place. You can get all degrees of climate. From the beach, to the mountains, to warm weather, dry weather, to wet weather. And so on." And I said, "Before you make up your mind, we ought to go around and try out all these places and see what you want to do."

Well, one day, we drove up Maunalani Heights, which had been built, and the roads had been put in, in about 1926, I think. The roads were up there, but it's almost all carnation gardens up there, in those days. There were very few houses up there. And we got up to the top, and we looked at this lot that was vacant, and she says, "This is where I want to live."

And so I went down and priced the thing. And it belonged to a Miss Ethelyn Castle, who built that big home up there which she later gave to the Queen's Hospital, and is now that retirement home up there. She owned all the lots above that, on the Pālolo side. And so we bought one of the lots from her. And then later on, my wife discussing it with her grandmother and grandfather, she said that the lot was wonderful and she loved it. She said, "We really ought to have the lot next door to it, to give us room to expand, and maybe we can put a paddle tennis court there later. Or it would be a wonderful place for kids when we have 'em later, to play and that sort of thing."

And we were very fortunate that her grandfather wrote her back a letter and said, "Well, find out what you can buy it for, and we'll give it to you as a present."

So, god, we were (chuckles) just luckier than heck. And so we had those two lots up there. The address was 5045 Maunalani Circle. And we lived up there for—let's see, we built a small, we built a garage and a little room onto it, and a bathroom, I think in '38, or early '39. And then I think we finished the house in '39. So we moved up there, and we lived up there through the war years, but it was very, very difficult during the war years to get the kids back and forth to school, from up there. So—well, okay, I'm getting off the subject here,



a little bit.

WN: That's okay.

FL: But we stayed up there until '44 or '45. We can get into that later, if you want to.

WN: Okay, yeah. So when you came back in 1937, you came back to Lewers & Cooke.

FL: Right.

WN: And then you started in the personnel department?

FL: Well, they gave me personnel, and then they formalized the planning group, (which went along nicely with personnel). And so we kept right on where we'd left off (in 1935). (But we added "longer range planning." Lewers & Cooke was ready now to think about more land and a possible consolidation of its operations, if it could put together sufficient land in the right place. We found, about one-half mile *Waiktiki* at the end of Kawaiaha'o Street just beyond Kamake'e Street, nine acres of partially coral-filled swampland. This would be sufficient for our lumber operations. In the *Waiktiki* direction there was another several parcels which, if we could get them land courted, would give us another four-plus acres which would front on a future extension of Pi'ikoi Street *makai* to Ala Moana Boulevard. If for some reason we failed to secure that we had the probability of leasing long term all the land we needed from the Ward Estate, which owned the land *makai* of this nine acres. We completed the purchase of the nine acres in 1939, which was first called the Kālia property because it lay in the district of Kālia. Our preference was to get the parcels extending our property over to Pi'ikoi Street, but we were not able to buy this parcel making up the full 14.7 acres until 1942.)

END OF SIDE ONE

SIDE TWO

FL: (We bought an additional four acres from the Dillinghams, who had beaten us in getting control of the various "title-poor" parcels in order to protect their very large acreage which included everything from Kapi'olani Boulevard to Ala Moana Boulevard, which some years later became the Ala Moana Shopping Center. We were no threat to future Dillingham plans for their then coral-filled swampland, so we were able to secure the parcels at a reasonable price and did so in 1942. Some of our directors thought we might become "land poor," so our attorneys held back. But we did accomplish our objectives.)

(With the 500-foot frontage on the new Pi'ikoi Street extension to Ala Moana, Lewers & Cooke now had the total acreage, in fee, to handle all of their planned operations for years to come. And we gave it the name of 404 Pi'ikoi Street. The frontage on Pi'ikoi Street extended 'ewa along Waimanu Street giving us the 14.7 acres. The *mauka-makai* width varied from over 500 feet at about the middle to less at the 'Ewa end.)

(We bought these properties when the areas were still not zoned for industrial use. But we were able to show the planning commission conclusively that it was in the city's best interest. We got approval and in 1942 the mayor and commission asked me to fill a vacancy which I did for some years.)

WN: The land that Ala Moana Center stands on now was nothing but (below-level) coral, right, at that time?

FL: It was (partly) swamp. (Early on, all land *makai* of King Street was below useable grade, except for some portions.) It (had) some coral in it. Parts of it were high enough above grade so that—well, let me go back, well, we're not up to the war period. Oh, yes we are, we're partly. During the war period, a lot of it got filled. For instance, I was always looking for fill. Everywhere I'd go, where I'd see somebody had some fill, I'd go see 'em and say, "Can we get that fill? We'll give you a place to dump it for free."

And right after the war, the military governor came in and told Hawaiian Electric [Company] they had to take down their two smokestacks that were where the present plant is. So sure enough, they had to tear those two stacks down because they were thought to be a military hazard, in that they could be sighted from further at sea, and were subject to airplanes coming in if they came in. So what I did was, I went to the contractor who was taking it down, and I said, "I'll give you a place to dump all of those smokestacks." So I got the two smokestacks (laughs) from the contractor. Because he had no place to dump 'em. Would have cost him money to dump 'em. I gave him a place to dump 'em for free. So, you know, I kept thinking all along, how we're going to do better here. My whole focus, I think, was to try and build. Anyway, I'm off the subject again.

WN: So you did it with the idea of eventually putting the whole operation over at Pi'ikoi?

FL: You're right. (Our) whole objective was to get the company into a position where it could (grow and operate more efficiently. We were now ready to draw up plans). We'll have to cover the war period. But during the war period, we did some really, looking back on it now, really some good moves. In getting additional cash in and so on, to finance this development that (we were planning for).

WN: Okay. We can talk about that when we get to the wartime. I was just wondering, so the idea was to get out of Downtown. Eventually get rid of the King Street property and the Kawaiaha'o area, did . . .

FL: Well, I knew for sure, that this—well, it was obvious—the city, the civic center had moved up to—what's the name of that street?

WN: Bishop?

FL: No, the one going down alongside the lumberyard property.

WN: Kapi'olani?

FL: No, no. The *mauka* side was on Queen Street. It's the one that goes past the Queen's

Hospital, down, what's the name of it?

WN: Punchbowl.

FL: Punchbowl Street. We knew the civic center had moved up to Punchbowl Street, so we knew that if there was gonna be an expansion of the civic center, it was gonna jump Punchbowl Street and we were there. And, you know, we couldn't stop 'em if they were gonna go, so it was logical to plan on getting out of there. And this had been clear to (us) in ('38).

WN: Okay. So, at the time of the eve of World War II, you had the King Street property that was still the main headquarters . . .

FL: Correct. (It was leased from the Wilcox Estate.)

WN: . . . of Lewers & Cooke. You still had the warehouse on . . .

FL: Kawaiaha'o and Cooke Street, (and on Kapi'olani Boulevard). (There was also one very important purchase that I have failed to mention to you. In 1937, it was clear with the way things were developing that we badly needed more warehouse space. Very fortunately we were able to buy a good-sized warehouse across Kawaiaha'o Street from us. We also acquired an old theater building on Queen Street which adjoined the first warehouse. So we now had added much needed warehouse space fronting Kapi'olani Boulevard, Kawaiaha'o, Cooke, and Queen streets. This was in 1938. This is why we could add so substantially to our inventories. With inventory controls, our buyers were much better able to interpret market changes. We now had the warehouse space to house the merchandise, and we knew what we had in stock day by day, and what had been ordered and on the way. We had also added substantially to the warehouse three-story building, giving us much more space there plus a loading dock to fit new equipment and facilitate the handling of merchandise coming in and going out.)

WN: You had gotten rid of the Iwilei . . .

FL: We had gotten rid of the Iwilei (lumberyard) many years before.

WN: Okay, and then there was one more.

FL: Well, there was another small piece (on Halekauwila Street) which we had leased below the lumberyard property at (Queen and Punchbowl) We had a piece, maybe an acre or so, which we were renting from Bishop Estate. And where Bishop Estate later put their main office. Oh, and (in 1942) we bought one other piece of property.

WN: Yeah, on Pi'ikoi (and Kapi'olani Boulevard).

FL: There was a difference of opinion as to whether this piece (i.e., 404 Pi'ikoi Street, if we could buy it) could ever be a good storefront to take the place of King Street. So (we) found that there was a piece of property up here at the corner of Pi'ikoi and Kapi'olani Boulevard.

WN: Yeah.

FL: Yeah. At the corner of Kapi'olani and [Pi'ikoi]. So we bought a very nice piece of property (in 1942), which now has a big, about an eight- or ten-story building on it. And we bought that because the thinking of the planning group and the officers of Lewers & Cooke, and also the directors at that time, they couldn't quite visualize—and I'm not sure I could either, at that time—visualize having the main store of Lewers & Cooke down on Pi'ikoi Street. In other words, the thought was we'd been on King Street since 1901, maybe we needed to be Kapi'olani Boulevard to have our front. So we bought that piece of property, knowing, or at least feeling very strongly, went in with a very high probability, that we could sell it at a profit. So we weren't taking any risk, and apparently we had the funds, or the banks were willing to loan us the funds to buy the property at that point. So we had that piece of property at that time, which we later gave up, because after we started to move to the Pi'ikoi Street property, and concentrate everything there, it was very clear to me that we should not divide our operations, and have it separate, even though they were only a hundred yards apart. There was no need for it. The business had changed. It just didn't make sense to have it on another piece of property. So we sold that, which gave us cash to develop the other (large) property.

WN: So [prior to 1942], just as the war was starting, there were some operations over at Pi'ikoi?

FL: Yes, yes, oh yes. We (began to bring certain areas up to grade and began fencing as needed). We had some lumber on it. We used it as a extra storage area for lumber, as I remember it. I think that was all that we had down there at that time, (but it was available for any merchandise that did not need cover).

WN: Yeah, I think you're right. I was looking over some articles, and it says here, 1941, "Lumber Operations Move to Pi'ikoi." So I think you were probably in the transition stage . . .

FL: That's right. And we had to fill the property, and get it up to grade. And it may have been at that time that we negotiated, I don't remember the date, but I don't know just when we negotiated the sale, during the war, of the former lumberyard property at (Queen) and (Punchbowl) streets. (During World War II we got a good offer on this old lumberyard property and sold it for cash.)

WN: But at the time of the December 7, you still had that property, because that was, you said that was one of the buildings that got shelled, right?

FL: Right, right, right, right. And the lumberyard's office was there at that particular time, but in '41, we did start to move lumber to—well, we may have had some lumber in '41 down on this (new nine-plus acre property, but we still used the Queen Street lumberyard during much of the war).

WN: Okay. And the King Street was mainly offices?

FL: No, we had a lot of storage in that building.

WN: Oh yeah?

FL: There was a big basement in it. We had, well, pipe fittings and kegs of nails, and a lot of the



very, very heavy merchandise was in the basement.

WN: Okay.

FL: And then on the first floor was practically all tools and display material. And then the second floor was plumbing display, and what we call a lot of furnishing, home furnishings display. And the third floor was our home building department and some additional office space. But a lot of merchandise was on the third floor, too, because on [December 7], 1941, it was that merchandise that got really, (chuckles) it got really thrown around.

WN: Okay, why don't we stop here, and what I want to do is, the next time, we'll pick it up right around 1940, '41, and you got started into—you were manager in charge of government sales.

FL: Well, we started the government sales (clearing system), it started in (late 1940). Well, there's a couple things leading up to '41, I think we ought to get into. Have you got tape?

WN: Okay, go ahead.

FL: Because I think they lead nicely into the other. Late in 1940, there was no question but what, we could see the potential of war being a possibility. If not war, at least the beginnings of problems. The government had started to build out at Pearl Harbor and south, *makai* of Pearl Harbor, (Hickam Field and air force housing and facilities), that whole development was built in 1939 and 1940. And we could see that the government was going to become a bigger and bigger part of our sales, even if there wasn't a war. So we had gotten the government (clearing) department started, I think, in late 1940, and in 1941, it was made very definite and I had charge of the government department by 1941, early '41. And we saw at that time, that war was at least a reasonably high probability, or at least we should be ready for it as a high probability. And a couple of things that proved this out, is that in August of 1941, we took out with Lloyd's of London, war risk insurance on all of our operations. So we were fully covered against war risk on December 7, and we collected on it.

WN: Was that pretty unique? I mean, was that a . . .

FL: There were a couple of others who did it. I don't remember who they were. We weren't the only ones. I don't remember who the others were. I don't think it was very common, no. I think there were few of us. So we had war insurance when the war started. Now, another thing that will give you an idea as to our feelings and why we were ready for this, was two-fold. One was the size of our inventory. We kept increasing the size of the inventory, during that year, to the extent that we could borrow funds and so on. (We had added very substantially to the land and warehouses at Kawaiaha'o Street. This has been related in other parts of this history. Also, inventory and buying control helped significantly.) And as of December 7 of that year, we were lucky to have the highest inventory that we had ever had in the history of the company. Again, I think because of the realization that things were going to get worse. Now, I didn't realize this until after the war, when the person who I'd written this letter to in October sent me a copy of it, but we, in our desire to try and build our personnel, I'd been discussing and had considerable correspondence with a guy that lives somewhere around Chicago, and who had a lot of experience in glass. And we had a man who was good in glass, but he was an older man, and we needed a younger fellow coming along. We didn't

seem to have the right person who knew all the new ramifications of the use of glass and moldings, and all of that sort of thing. And so I wrote this letter and had been in correspondence with him. He was married, had two or three children. And we were at a point where we were in negotiations to get him to come down here. And as a matter of fact, the negotiations were just about final, and I, it may have been as a result of a letter of him trying to finalize it, or it may have been my feeling of impending trouble, that I wrote him a letter, something along this line, that we had been discussing the possibility of your coming down here and bringing your family, and becoming assistant manager of the glass department, and so on. I said, then went on something like this, "Things have degenerated in the Pacific, in our opinion, to such an extent that we feel it would be very unwise to bring you and your family down here at this particular time, and therefore I'm writing this letter to terminate the discussions with you." And then I told him how sorry I was to do it, but that I just felt that it was very, very unwise to bring him in, who'd never been here before, his family, wife and two or three children, down here at a time when we felt things were getting bad

Now, I forgot all about that letter, until the end of the war. The guy saved the letter, put it in his file. And at the end of the war, he sent me that letter. Unfortunately it got destroyed, so I don't have it, but I can remember it very, very clearly. And so he never came, fortunately, but it does give you—the reason I bring it up is, it gives you an idea as to how concerned we were in October as to where we were going, and how close we were getting toward the potential, or possibility of a war. How much higher probability there was of it.

And then, two other things. At that time, they began to form block wardens around Honolulu, in some areas where people were concerned, and we as a business had a block warden system for each one of our locations. For instance, downtown on King Street, we built on the top of the roof, a little shelter, with another roof on it. It had sandbags around it. We had to reinforce it from underneath. It had food and water in it, and so on. And quite a—well, we had, I don't know how many gallons of water up there, but we had quite a bit of water, so that if a fire started up there, we would be able possibly to put it out. We had the same thing down at the warehouse building down at Kawaiaha'o and Cooke Street. Again, we had thought the thing through to an extent where we were at least, you know, partially prepared for a possible attack. So there was a feeling on our part, and I think it was at least fairly prevalent in the community that we were getting ready for *pilikia*, and that *pilikia* was going to come.

And then, the other thing we did was every location had its own block warden-type organization, the same way block wardens around in the neighborhoods had them. And for instance, my job was the warehouse, and I was responsible for the warehouse. So the first thing that I heard that morning, of Pearl Harbor, which we can come to later, that there was trouble and that, and I saw through my telescope, I saw that Pearl Harbor had been attacked, but I couldn't prove it, except by my eyes there. My job was to rush to the warehouse, as soon as my family was taken care of, because that was my responsibility. If you read this letter from my father, the interesting thing is, he says somewhere in here, and I don't know where, but we can pick it out later. He said he didn't know when he got down to Lewers & Cooke that morning, himself, that we were at war. Now, I had tried to get back to him, but the telephone system went out very shortly after I got that call. Something apparently happened where—I gather in a telephone system, if too many people pick up their receivers at one time, the voltage drops, and it goes out. And so I wasn't able to reach my father, but I

knew my responsibility was the warehouse. I knew somebody else had the responsibility, I think was Lewers Paris, for the [main] building. And so I could go to the warehouse, knowing that, or hopefully knowing that he knew there was a war on, and so on.

WN: Now, who set up this block warden system?

FL: We did, as a group.

WN: I mean, as a company?

FL: As a company.

WN: Yeah. So it wasn't . . .

FL: But the community did it too. That is, parts of the community did it.

WN: Yeah, those that were forward-thinking . . .

FL: That were thinking, thinking ahead.

WN: Yeah. So this is really not the same as the block warden system that was established after the bombing took place.

FL: No, but it was that . . .

WN: Same concept.

FL: . . . that followed it, that became an elaboration of this thing. But we had it within the company. And I had a couple of guys who were my assistants, and they knew that if something happened, I was to get in touch with them. Well, unfortunately, that morning, I couldn't get to them, so I went down myself, and was able then, later, to get them into—but we can cover that when we get into it. But my father writes in here [i.e., a letter from Frederick D. Lowrey], very interestingly, and I can't find it right now. Well here, he says, "On the morning of December 7, I was at breakfast with Mrs. Lowrey and our daughter, when there came a telephone call," apparently he got one too. I don't know, maybe I was the one who told him, maybe I did get through. Anyway, he got a telephone call. He got a telephone call that an explosion had occurred on the top floor of the Lewers & Cooke building, which had set off our fire alarm gong. No, if I'd called him, I would have told him that we were at war, because I knew it at that time. So he didn't get the telephone call from me. He got it from somebody else. But when he got down there, Lewers Paris was already there, and he was a vice president. (Either the fire department or Lewers turned the automatic sprinkler system off, seeing no fire had developed. This prevented more water damage than there was.)

What else would you like to cover today?

WN: Well, I think that's about it. I wanted to get, I want to get into next time about, you know, we're talking about preparation, you were made in charge of government sales, and what you



did was consolidate . . .

FL: Right. We had made . . .

WN: That was in, also in anticipation of . . .

FL: Well, we had made quite a consolidation. We had made a major consolidation in 1940, I mean early '41. And we ran all during 1941, consolidated, with our government sales, which was very fortunate, because we were able to make the change over very, very quickly.

WN: What do you mean by a consolidation of government sales?

FL: Well, they gave me space. We had started to make some moves of merchandise out of the King Street office building, and into the warehouse building. And I was given space on the second floor, as I remember it, it was the back half of the whole plumbing department. And so we had half of one-third of the second floor of the King Street building, and I had my whole government staff in there. We had a big table, as I remember it, where the salesmen would be out, and then we'd come in, and we had girls and clerks, and so on there. And then they'd go through all the routines that we'd set up, to make sure that we had proper validation on everything and the purchase orders were all properly done and so on. Because, you know, the government was getting further and further into this thing, they were building an organization very fast, and they didn't have people who knew the intricacies and the problems of taking this step-by-step through. And we didn't want to get into the situation of having taken orders, and filled orders, and then not have the proper documentation to prove that the government owed us money. We had enough of this anyway with the best-laid plans. We had a hell of a problem for a couple of years, which we can get to later. But I think we were able to foresee a lot of these things, the potential of 'em coming. So I had the whole government department set up during the year 1940, and we were ready to operate as of that morning, December 8, Monday morning, when the orders started to rush in.

WN: Yeah. So December 7 really wasn't a total shock to you.

FL: Well, it was a hell of a shock in a way, but we had done some good planning, even if I do say it. I think . . .

WN: Maybe even more than the government themselves (laughs).

FL: Oh yes. In many respects, we were much, much better prepared for it (in our own small way).

WN: Let's hold that thought and why don't we continue next time, right what we're talking about right now.

FL: Okay.

END OF INTERVIEW

Tape No. 22-12-2-92

ORAL HISTORY INTERVIEW

with

Frederick P. Lowrey (FL)

February 21, 1992

Makiki, O'ahu

BY: Warren Nishimoto (WN)

WN: This is an interview with Mr. Fred Lowrey on February 21, 1992, at his home in Makiki, O'ahu. The interviewer is Warren Nishimoto.

(Taping distorted throughout interview.)

WN: Okay, why don't we get started. We left off talking about the company prior to World War II. I wanted to ask you some questions before we get into the war.

FL: Fine.

WN: In 1940, you were named manager in charge of government sales at Lewers & Cooke.

FL: That's right. (We were a clearing department for red tape to see that we met government specifications, etc. on all orders to begin with.)

WN: You said earlier that government operations were consolidated.

FL: That's right.

WN: Could we talk about that a little bit?

FL: Well, we realized from reading the newspapers, that with the Japanese expansion into China and so on, that (war) was possible. The National Guard here got more active. Farrant Turner, who was treasurer of Lewers & Cooke, was called to duty in late 1940. (So we just thought), there must be something to this. So we started our thinking in terms of trying to get ready (to plan) for anything that might occur. (We just let it develop naturally as conditions demanded. Things work out better that way, I found.) Now your specific question was . . .

WN: The consolidation of government sales?

FL: The (coordination of) government (purchases) began (to increase substantially) in (1939 and) 1940, and business was picking up quite materially. It all made sense to have got these preparations made. And so our inventories were high because we knew the army, navy was

going to need all of these materials to continue building, not only here, but whatever forward bases that they might build. A lot of this might be sent (forward to Guam) or Saipan. We didn't know what their plans were, these were kept pretty secret. But all you had to do was drive by Hickam Field to see that—Hickam Field and Pearl Harbor were being expanded terrifically, and they needed housing for all of these Mainland workers they were bringing down. They needed housing for the enlisted men and officers who were going to be here. There was more of a fleet here, and then they were getting ready, I gather, to have additional units here to send forward if that was necessary, although I don't know any of those details. And so, that meant more and more government orders coming in. So we decided that we would form a government department and then have every order (clear) that department and make sure that (it was in order, properly signed, legitimate, etc.). Because we didn't want to (have our billings questioned later in a crisis). (The government) just didn't have staff and people and so on. So we formed this sort of centralized (clearing) department, which we called the government department, and we had (full-time) salesmen working out of that department, and we had clerical staff inside to do this clerical work of following up on the orders, making sure that they were all (in order). (Sort of a self preservation against "big brother" at some future time if he questioned bills.)

WN: So this is separate from the civilian accounts?

FL: Right. (Largely, their sales cleared through the credit department.) But every government order cleared through this department. And it turned out to be a very good idea, because we could expand it as the government sales expanded in late '40 and in '41, and when December 7 came, we were all ready. We had the whole thing set up, so that we were ready to take care of the deluge that hit us beginning December 8, 9, and 10, and so on. Does that pretty well cover it?

WN: Yeah. Well, let's get into the war, then. Before we get into how Lewers & Cooke was operating during the war era, I'd like to ask you some questions about what you were doing that day.

FL: Well, (Sunday) morning of December 7, Janet and I, we had two children at that time and one was on the way. She was born in February. We had had breakfast, and I was sitting, reading the newspaper. And I got this telephone call from one of the Japanese boys who had driven by 177 South King Street [Lewers & Cooke headquarters], where the Bishop Bank, tall Bishop Bank [now First Hawaiian Bank] building is (today). And he was very excited over the phone, and he says, "F.P.," he says, "there's been an explosion in the building, just when I went by." And he says, "The fire alarm's gone off." He says, "I don't know whether there's a fire in there or not." (I think he mentioned glass windows being blown out in the third floor, too.)

And I said, "Well, if the gong's gone off, the police, the fire department will come down there very shortly." And I said, "You can stand by if you want, but I'm sure everything will be all right." Knowing that our alarm system was tied in with the fire department. Well, sure enough, I've heard from (a friend here) who happened to be on the (Bishop and King Street) corner that morning, and he saw all of this, heard it and saw all this happen, that the fire department came to the front door, it was locked. They didn't realize the back door was all open (chuckles), so they broke in the front door. (Lewers Paris) was in charge of that

building, somebody had called him also. As soon as I got my call, I turned my telescope, which I had up on the hill on top of Maunalani Heights, I turned my telescope to see if the building was on fire, and as I brought the telescope down, I could see there was no smoke from the building, but I could see the smoke at Pearl Harbor. And as I trained the telescope on the channels running into Pearl Harbor, I saw ships trying to get (to sea). I saw planes above. I saw (spouts) of water, plumes of water jump in the air, where bombs had hit alongside of the ships, and these huge (spouts of water) going up, you know, fifty to a hundred feet in the air. And then as I turned the telescope further *mauka*, I could see the fires at (Hickam and) Pearl Harbor. So I guess it didn't take me more than, you know, two, three seconds to put two and two together, and say, "My god, we're at war!"

And so, at that point, I had the responsibility of letting the senior officers of the company know. So I went back over to the telephone—and I also had the responsibility of making sure that my assistant (knew)—I was responsible for the warehouse property. We had divided up responsibility if there should be war, and I had the warehouse (assignment).

WN: On Kawaiaha'o Street?

FL: On Kawaiaha'o and Cooke Street, right. And so, I went back over to the telephone, and I couldn't get any response. The only conclusion that I drew was that so many calls had started to come in, that the voltage dropped to such low level, that the telephone system went out for a period of time, and I don't know how long it went out. So I felt that it was necessary for me to get down to the warehouse as rapidly as possible and do what I could down there. But I also wanted to make sure that my wife was all right. She was then (seven) months *hāpai*, and so I wanted to see she was all right, and the two other kids were all right. I (had) made up my mind right off the bat that there was no way that the Japanese could (make) a landing or anything like that. And there was no way for a carrier air force to drop hundreds and hundreds of (attackers). So I felt that my family was safe where they were. I didn't feel any problem in leaving them.

And so I got them settled and I then headed for (the warehouse). I got down to the warehouse building, and just as I drove in though the warehouse (gate)—you came in from the Kawaiaha'o Street side, the (main) warehouse was on the right—I heard this terrific explosion, oh, I don't know how far above us. And then I could hear shrapnel come down on the (corrugated iron) roof. None of it hit me or my car. (That shell had had its time fuse set, but unfortunately for too long. It did not explode in the air where the Japanese planes were, but came all the way to above our warehouse area before exploding.) It was at the end of the year, and we usually tried to do the maintenance work that we could on all of our properties, toward the end of the year to get—if we had profits available—to keep our properties up to the standard that we wanted. So we had one of (our many good) Japanese painting contractors working for us on that job, and he must have had about twenty men on the job painting the roof that day.

WN: This is on a Sunday.

FL: This was on a Sunday. And we were trying to get work done in the (tax year 1941). We also had people working, doing maintenance in the King Street building, which I'll come to later if you want. And so, I'll never forget this picture of these guys, up on the roof, with the



shrapnel falling, they hearing it, and they all ran for the edge and started (climbing) off the roofs. So here I saw all these fellows getting to the edge of the roofs and then (hurrying) down. And it's a, you know, it's a picture that I have in my mind I'll never forget.

WN: They [were] how far up?

FL: (They were painting all the one-story corrugated iron sheds so it was not too far to the ground. They also had ladders and equipment parked along the sheds.) So nobody got hurt. They didn't know what it was all about. And so I called them all together and told them that we had been attacked by the Japanese, and that I suggested, that I thought the best thing for them to do would be to go home and stay quiet, because I didn't know what the heck the army was going to do, you know, in the way of rounding up people like they did on the (Mainland), and all of those things. So my suggestion was that they go on home and stay quiet, and then just see what happened.

WN: They were all Japanese, the workers?

FL: I think they were all Japanese. It was a Japanese contractor and I think his men were all Japanese. Now that's my impression, you know, it's, it's quite a long time ago, but I'm pretty sure that would be right. The Japanese contractors generally had Japanese employees. And this was typical of that period of time, and normal, and accepted, and it was just the way it was, at that time.

WN: So you didn't know these men personally, because they were . . .

FL: Well, I don't know that I knew any of the men personally. I knew a lot of the Japanese contractors, 'cause we did business with them.

WN: What kinds of things were kept in the warehouse?

FL: Oh, we had nails. Keg after keg, hundreds of kegs of nails. We had hundreds and hundreds of bags of cement. We had all of our plumbing supplies, which meant toilets, bathtubs, basins. We had paint, huge quantities of paint. (A full line of building materials, corrugated iron roofing, plywood, asphalt roofing and adhesives, floor tile, etc.)

WN: So it's pretty flammable.

FL: Oh yeah. There was a fair amount of flammable stuff in there.

WN: Was there a, any threat of fire?

FL: (Not from the shell which exploded somewhere above us. But yes, from another if it came our way.) We had a fire protection system in the (three-story) warehouse building, so that should there have been a fire, the automatic (sprinkler) system, like we have in this building (FL's present residence) would have come on, as soon as the heat set it off (and would spray water over each area affected by heat).

WN: I'm not too familiar with these automatic sprinklers and so forth, but was that pretty

progressive at that time?

FL: Well, (we thought) it was in warehousing, (especially in multi-story wood post, beam, and floor construction) but not in residential or office buildings. And the reason why it was quite common in (wooden) warehouse buildings was that the insurance rates, fire insurance rates, dropped to such an extent if you had a fire protection system, that it paid for the whole cost of the fire protection system, so, hell, you couldn't lose. It was just really almost poor judgment not to have a fire protection system. Now if you had just low, flat sheds, one-story high, and so on, maybe you didn't put them in. But when you ran to multi-story warehouse building—this was a three-story building, why—and part of it was wood construction and the floors were wood, and the beams were all wood inside, although the exterior (was cement tile). So that if a fire got started in there, why, it would take the whole building unless it had sprinkler system (protection).

WN: So was the sprinkler system activated in the warehouse, after the bomb dropped?

FL: Well, it was activated (to go off) continuously (day and night). It was always activated. It was activated by, just the same way these are (here in my apartment). It's a little metal piece in there, in that sprinkler (head), that when the temperature rises to (a certain level) that sprinkler automatically goes off. So it's always (activated to go off when the temperature reaches the critical level) unless somebody throws the main valve to turn it off, (cutting off the water supply).

WN: So did the sprinklers go off?

FL: No, (not at the warehouse) because there was no fire. (The anti-aircraft shell exploded in the air above us and no part of the shell cut any of the pipes feeding the sprinkler heads.) The shrapnel came down on the (warehouse) buildings and hit the top of the building, but it didn't puncture the building in any case, so nothing went off. It was different at the building up on King Street, where a shell came through the roof. (The fuse had not been set at all, so it exploded on contact with the roof) and then hit a pipe, which I imagine was at least an inch or an inch-and-a-quarter in diameter, ruptured the pipe, and as soon as the pipe ruptured, (water flowed), then the alarm went off. And that triggered the fire department and (alerted) these people who went by (177 South King Street) because that alarm kept ringing until somebody went in and turned the water off. (The water probably prevented any fire from breaking out.)

WN: I see. So from what I've read about Lewers & Cooke and the sprinkling system flooding the basement of the . . .

FL: Correct.

WN: . . . store, it wasn't because of a fire caused by the [U.S. anti-aircraft shell]. It was because of the [shell] hitting the pipe.

FL: Correct. (The shell exploded on contact because of a faulty fuse setting in the shell. The U.S. gunners were all inexperienced and wrong fuse settings were common.) There was no fire whatsoever. The shell exploded—and there must have been tremendous amount of heat and

shrapnel went all over the upstairs. Even with inflammable materials around. But the (water), of course, (flowed) right away all over, which spread on that floor, the third floor, which went down through the floor, which was wooden, spread on the second, wider, went to the first floor and spread wider, went clear down into the basement. And then after our guys got down there, or perhaps the fire department, and I don't know who turned (the water) off. Now whether the fire department turned it off, or our own people, or Lewers (Paris) did it himself, I don't know. I remember right where the valves were, they were, had big wheels on 'em, because you had a pipe coming in that must have been, gee, at least an eight-inch diameter pipe, probably. So you had a lot of volume of water that could come through (if any fire had developed and more sprinkler heads activated).

WN: So a shell came and hit your King Street headquarters. A shell exploded above your warehouse (at Kawaiaha'o Street) . . .

FL: The shell that came down in the main office building, at 177 South King Street, hit the pipe and (exploded on contact). Really that was where the main damage occurred. A shell also came down and hit the lumberyard, but it came down between stacks of lumber and just drilled a hole in the ground, about four feet deep, and about four feet wide at the top, so that there was a big *puka* in the ground, and that's the only damage it did. Now at the warehouse, there was no damage whatsoever, other than the falling shrapnel, which you could hear come down, scared us all, and we heard the explosion, I don't know how many hundred feet above it, the explosion was. But it happened just as I came in, and so—but it was a little scary, because you didn't know (laughs) when (another) was going to come (our way).

WN: Okay, so after you told the contractors to go home, then what happened?

FL: I stayed down there all day, because other Lewers and Cooke guys, when they heard that we were at war—and lot of them didn't ever hear it during the day, because they were way up in valleys and so on, the telephone system was out, no newspaper (got to them) obviously, until much later. (Some may not have known until Monday.) I stayed down there feeling that if there was a third attack or a fourth attack or something like that, that that was my responsibility. (I did go up to King Street and saw what had happened there, but there were others whose responsibility was to take care of that area.)

(There was a lot of commotion at King Street when I arrived. A crew had assembled and were mopping up the water damage on all floors and the basement. I went up to the third floor and was greeted by a fantastic sight. The shell had exploded in a bay maybe fourteen feet, U-shaped, where most of the hanks of cotton sash cord were stored on shelves which went to the ceiling.)

(On explosion the shell broke up into many small sharp pieces. The velocity of these many pieces cut the hanks of sash cord into hundreds of lengths from a few inches to several feet and blew them all over the place. Many lengths hung from the roof rafters. The whole wooden roof structure looked like it had big cobwebs hanging from the rafters. It was quite a sight, in addition to the sash cord lying over most of the other surrounding merchandise.)

(Next to the sash cord was one of three freight elevators. They were maybe ten feet square with wood floors, two one-eighth-inch steel sheet sides and open on the *mauka-makai* sides to

facilitate movement of the merchandise on and off. I mentioned that we had men working in the building that day. One reason was to repair the elevators. This particular elevator was stopped at the third floor level and there were two men working near it, I was told. When the shell came through the roof not more than twenty feet away and exploded, after penetrating the iron roof and severing the water pipe, shrapnel was sent out in all directions. The sash cord was a very fortunate buffer for these workers. Shrapnel went through the sash cord in two places, went through the steel sides of the elevator and into other parts of the building and unbelievably did not touch either of the elevator repairmen working there at that moment.)

(At the top of the elevator, four steel cables held it up. Three of these cables were completely severed; one cable was strong enough to hold the empty freight elevator, very lucky again for the two men at work. Luckily the sash cord must have buffered the noise; because as far as I know neither suffered hearing injuries. The rear wall of the building had glass windows and rolling steel shutters. These were completely blown out near the shell roof penetration site. So, with all this plus the extensive water damage, there was much clean up work to get under way. King Street had quite a day--the brunt of the Lewers & Cooke damage.)

(It was interesting to see the psychological effect on different people. Most just took it in stride and began to clean up the mess, get material to dry up wet merchandise which could be saved, etc., etc. But I recall one man of European birth and background--a young employee of a couple of years--was so affected he had to go back downstairs, went out in back against the fence and puked up everything. He seemed to be the exception. Many others may have had other mental reactions, but this was the only physical reaction I saw.)

(King Street was well-manned so I made the rounds to roughly assess the losses and damage and then went back to the warehouse where I could tell the guys there how lucky we were with zero damage. So far, anyway. You can see why I say this was one of the more memorable days of my working life.)

(Nothing more happened at the warehouse), so I went home fairly late that afternoon. As I remember it, I (arranged with) somebody who was willing to volunteer to stay on duty that night, and I think we kept three, four guys on duty that night, so I went home.

WN: When you say "on duty," what would that mean?

FL: Well, it would mean that (they stayed) on the payroll that day, and if they were on overtime basis, why, they got overtime pay for it, and so on, whatever the rules were. But I really don't have a very clear recollection, except that I feel quite sure that we kept several people in the building that night. Because you didn't know what the army, navy was going to do. They (might) need materials that night. And so, we wanted to be prepared to service them to whatever degree was necessary. (Also, with the warehouse being my *kuleana* I would have someone call me if something more happened during the night.)

WN: I think this is incredible that a (U.S. anti-aircraft) shell would hit someplace on King Street, your headquarters . . .

FL: Yeah. (We found the base, and, I still have a piece of the shell. USA was written on the base.)



WN: . . . and a shell would hit Cooke and Kawaiaha'o . . .

FL: Yeah.

WN: . . . your warehouse. And a shell would hit Queen and Punchbowl, (your lumberyard).

FL: Well (our own shells) hit us in three locations. That is, you know, it's a coincidence. I don't remember the exact figures, but in the write-ups, the fifty-year write-ups in the newspaper, two months ago, they said that there was something like sixty or seventy of those shells that came down in various parts of Honolulu, and I don't remember the exact figure. So we weren't the only ones, but we did get hit in three locations, which may have been (laughs) a major coincidence.

WN: What were your feelings at that time, that day? Was it fear, what? Confusion?

FL: I don't have any recollection of fear (or confusion). My recollection was more along the lines of, well, we thought it was going to come, we took out insurance for it, we had gotten inventories ready for it, we were organized for it, in a sort of warden system type. In other words, I was in charge of the building and I had a staff to (watch) that building. Also, we were prepared (for) it in (another way). About a week or ten days before (December 7), the National Guard and maybe the army was put in charge of all of the (water) pumping stations. So water pumping stations, like the one at Kapahulu . . .

WN: Oh yeah.

FL: You know, the big . . .

WN: Wai'alae and Kapahulu.

FL: Yeah, that big pumping station out there. That had sandbags around it and—well, I lived up on Maunalani Heights at that time. So I would go by there every night going home. And I can remember a week before the seventh, that they were, had put sandbags around the installation, and they had guards around that pumping station. And I assumed that they'd done the same thing, and may have checked on the one on Beretania Street down here and so on. I don't, I just don't recall that. (Some others thought there might be trouble or this would not have been ordered.)

So there were lot of things, you know, we had Farrant Turner going a year before, being called into the (guard). You had our own watching, what the Japanese were doing in China. You know, they were bragging that they were going to take the whole of the Orient. And, my god, they had the organized navy and air force and so on to do a pretty good job on it if they did it right. And they also had troops, and all, they'd already moved into China. And so I think that we were—we were, well, then I told you, I think, last time about the letter that I wrote in October to that guy in Illinois, (cancelling hiring him for) our glass department (because of our concerns as early as October).

WN: Right.

FL: And I'd suggested that we terminate our negotiations because—and I remember the exact words—that the situation in the Pacific has deteriorated to the extent where we feel it's unwise to bring you down here at this particular time, particularly with your wife and family. So it all added up, it all added up to a situation where, you know, it was a—we, I guess we almost expected it sometime, but we just didn't know when.

WN: You felt you were as prepared as could be?

FL: Right. And the fact that somebody had called out the troops to—or National Guard, or whatever troops they were—to defend the pumping stations indicated that they were afraid of the possibility of sabotage here, and that again was one more very clear indication of potential trouble. And then, of course, my feelings were well, this is it. I think my feelings ran more toward, my god, how are we gonna survive this, from a company point of view. I was a young guy. My reaction was, how were we going to survive as a company? How are we going to handle all of our (problems and survive)? As a company, as individuals, (what will the) army, navy do to us?

WN: Okay, so the next day, you were telling me about a meeting that took place . . .

FL: Yeah.

WN: . . . with your (company).

FL: (December 8, 1941.) That's probably one of the most interesting business days of my life. We all got to work on time, I think we started at seven-thirty, and we were all there, and everybody was there early, pretty much. And a good number of the Japanese boys came to me, and (being) personnel manager, they came to me, and they were all upset. They didn't know what was going to happen. I got them together in groups. And I simply went over the situation with them, and said that, we were going to do the best to keep Lewers & Cooke going (as an operating organization to help in any way we could), but we had no idea what the military governor, who had already been appointed I think, what they would do, whether we'd be taken over and so on. But I said, "You guys, unfortunately, have an extra problem in that you are all citizens of Japan, whether you like it or not, whether you want it or not, because Japan says you are a Japanese citizen, because you are ethnically Japanese." So I said, "You are dual citizens, and that puts you in an awkward spot."

And so we talked about it, and they said, "Well, is there anything we can do?"

And I said, "Well, I don't think anything is suddenly going to happen here. You know, there's no question in our minds about your loyalty or anything like that. If there are (unloyal) people of Japanese ancestry or Italian ancestry or German ancestry here, they'll be picked up because the FBI [Federal Bureau of Investigation] and the military intelligence, naval intelligence, (will) have those people already spotted, and they'll go around, they're probably already being picked up. And maybe they were picked up yesterday. After all, of our total population here, you people are approximately a third, they can't pick you all up, where are they going to put you? If you are concerned, it might be worthwhile to think about writing a letter (stating) the fact that you are an American citizen, (not Japanese which) you have no control of. I don't know whether that will do any good, if something happens or not,

but I wouldn't (get upset). After all, (Hawai'i) needs you here to do the same jobs that you have (and to help) to supply the army and navy. They will demand more and more from us." (I hoped this would allay some of their concerns.)

(Later), I suppose it was about maybe nine-thirty in the morning that this army officer walked in the front door, and went into my father's office—this was Colonel Marek. He was either from the military governor's office, or he was from the, more likely from the corps of engineers [i.e., U.S. Engineer Department], probably. And he walked into my father's office, and we all knew (him). He was a—I forgot what business he was in, but he used to do a lot of painting, did some beautiful seascapes and so on. I don't know whether he's still alive now or not. (We all) knew him, and they talked for a few minutes, and then Dad said, "Well, I'd like to call in several of my staff people so they can hear what you've got to say," because he had already told my father that the corps of engineers was going to take us over, at least that was what we understood. And he gave my father a purchase order from the corps of engineers for all the materials we had in stock, and it was written in such a way that we couldn't sell anything without their approval, because they'd already purchased it. In other words, at that point, we had a purchase order for everything, everything that we had.

WN: Was there a dollar value on it?

FL: No (value was on the purchase order). They were just using their government authority to say, "It's (now under our control), we need it. We're going to need it and we want you to put a freeze on it for us."

So we talked to (Colonel Marek) and he was very (open) with us, because he said, "You know, I don't like to do this."

I remember him (implying), "I don't think it's the right thing to do," well, he implied we're not only going to take over and run the organization. In other words, my father would report to (some) higher (up) in the corps of engineers. Well, right off the bat, he said, off the record, he didn't think this was the appropriate way to handle a situation. But he said, "These are my orders."

And Dad said, "Don't worry about it, we understand (the present confusion)."

And so then he left, all very (outwardly) friendly, and we stayed on though to (try to) decide, what are we going to do? If they (do as) he says, "We are taking over Lewers and Cooke," and with either from the military governor's office, or from the corps of engineers office, or some other agency of the government, then what are we gonna do? And (so we discussed it), how are we going to respond, what were we supposed to do. So we said if (anybody can operate Lewers & Cooke, we can). (We have the multiple connections and the organization.) And so we bantered ideas back and forth, but nobody had a good idea other than to wait and see. (I felt that we should try to see what might be the military thinking.) I said, "Look, we've done a lot of business with the corps of engineers." But I said, "We (have had good relations with) the head of the supply corps for the navy. We're doing business with (the navy) all the time. I'd like to go out to him and tell him what has happened here, show him this order, and get some ideas from him as to how he feels, whether he can give us any better ideas as to how were we to be taken over, and how they want us to operate with them, (the

navy)."

END OF SIDE ONE

SIDE TWO

FL: They thought that was a good idea. So I called Captain Gaffney, I got an appointment with him right after lunch, and I showed him this purchase order, and he blew his top, he really blew his top. I don't remember his exact words, but they amounted to, "They don't have authority to do this, and we are equally important and maybe more important than the corps of engineers is in getting forward bases set up (for the navy)."

WN: What—did the navy have an equivalent to the corps of engineers?

FL: They—yes, they had the Seabees (as well as maybe other special ones).

WN: Oh, okay.

FL: Yeah. And there may have been others, but I remember there were Seabees working in all the forward areas. So (taking us) over would be (a mistake). It would be much more appropriate for us to function (independently with all of our many connections) and not to sell any material to anybody, without (coordinated) approval from (the navy, too).

And I said, "That's fair enough." I got the impression from Captain Gaffney that the corps of engineers may have gone off, you know, (half-cocked), and made the decision (which might) not be approved and so he told us to just sort of forget the thing until we got further instructions. And as I remember it, within the next couple of days, we (were told to) honor army and navy orders, (until formal regulations were issued.) And they were. It was a new department formed by the military governor, and I don't remember, there were so many government departments that I don't remember the name of them. (It all developed over the next many weeks to control how we were to sell and to whom.) [This function probably was under the jurisdiction of the Director of Materials and Supplies Control, under the Office of Military Governor.]

WN: What kind of approval was it? Written or . . .

FL: Written. Everything was in writing. (Plenty of it, and all kinds of regulations.)

WN: So private individuals who wanted to buy materials from Lewers & Cooke had to get a permit, something, from the military government?

FL: Right, right. (Or we followed instructions put out by the new bureaucratic authorities as the crisis subsided to more routine operations.)

WN: [How did you come to accept the government bureaucracy and almost complete control over your operations, such as not being allowed to freely sell to civilians, etc.]



FL: We accepted it. We wanted to win the war, and we felt that, if somebody had a house that was three-quarters built, and it would help to get (it completed), we would make application to the office of civilian supply, or whatever it is [Director of Materials and Supplies Control], and, if they would allow (the contractor to finish the home, we could sell the required material). (It took time to get the civilian sales details worked out. Our major problem was to continue to exist and build on the strong Lewers & Cooke knowledge of building material and our ability to get materials sent out here.) We knew that our business was going to fall off. For instance, little did we know at that time that the profits that we made in 1941, (which were not large) would not be realized again until 1958. This just slammed us back to a point where it took us from '41 to '58 before we made the same profits per share again. So the war set the company back terribly. Forty-one was the peak year (to that date), it was a good year, up to December 7, and then after December 8, in those last three weeks, a whole lot of material moved out. Forty-two started out with a bang, because they just bought out almost everything we had, so that by the first of April, we had very little inventory left. Our lumberyard was (practically empty).

WN: What about at the time war broke out, [were price controls enacted immediately]?

FL: Well, my father put out a memorandum the following morning. He said, "No increase in prices," (until the imposed government sets up an approved new price structure for all). And then it was followed up very shortly by the military governor's office freezing all prices. And so all our prices were frozen (periodically) all during the war. And I can't remember all (the red tape). So we were very, very closely controlled for about four years.

WN: [What about smaller companies? Were they controlled like Lewers & Cooke?]

FL: (What happened to us) was really very different from what happened to a lot of others. I had a friend whom we sold a lot of roofing material to. Well, (the government) immediately (ordered a) blackout (policy), that you couldn't have any lights showing that night. He had a big stock. What he did, he took his rolls of roofing, and he cut 'em up into short lengths, probably multiplied the price by ten and sold it. Now, nobody paid any attention to that. So he just cleaned up, because roofing, the roofing that he had, he was able to turn around and sell, there were no restrictions on him. (The government only looked at the bigger guys. And our profits, even though controlled, were renegotiated during the war period.)

WN: Why weren't there restrictions on the smaller suppliers?

FL: (I guess there were too many of them) to try and, to pick up everybody. So they were able to get away with it. And of course, it put them in beautiful shape, I mean they had a fantastic amount of money coming in, their sales just skyrocketed. You take a roll of roofing and cut it up into short lengths and multiply the price ten times. And people had to buy it in order to black out (their homes). Smaller businesses did very, very well, depending upon how they responded, how they reacted, how they felt about it, and so on. But it (may not have) lasted very long, because their inventory (decreased) and they couldn't get new supplies (for some time).

WN: Right.

FL: (We knew that Lewers & Cooke was in deep trouble, with no incoming inventory and prices frozen.) You see, the first convoys didn't come in to replace any of our inventory until about the first week in April, (1942 and that had only parts of what we had ordered and needed). We had to get approval for new orders for Mainland merchandise. We had to keep a lot more records. We were frozen on our prices. Whenever some new materials came in, there were lots of times we couldn't get a price increase (soon enough), and it cost us a lot more. So our profits (decreased in) 1942. We immediately started to think, how are we going to survive? And so, having (a good relationship with the navy, we contracted to become their lumber supplier). (The navy) needed a lot, whole quantities of lumber. So they came to us and said, "Would you put your buying organization into gear for us and start buying lumber for us?" (We had a Seattle buying office who dealt with the major lumber suppliers. More on this later.)

And so we worked out a contract with the navy supply corps to run a big lumberyard for them during the whole war. We rented or leased a piece of property where the present [Central] YMCA [Young Men's Christian Association] is, out on Atkinson Drive. That whole piece of property, lying between Atkinson Drive and the [Ala Wai] Canal, we leased and had a huge lumberyard. We also had the (Queen Street and) Pi'ikoi Street (lumberyards). So we had three yards. (This gives you an idea as to how we survived: we had to close our home building department, the largest part of the business. We could not build civilian housing or supply much material for residential or civilian maintenance.) (Even with more people for the lumber operations our staff) dropped by about a third. Some were drafted, some volunteered. A lot we went to and simply told them, "We have no idea whether we're going to survive. If you can get a job from the corps of engineers, from some other government agency or somebody else, and it's a better job, or you feel more comfortable, we're not going to try and (influence you to stay)." We didn't want to keep anybody who felt that they had a better opportunity somewhere else. (Who knew how long this was going to last?) So we did lose a lot of people. And all during the war we had problems retaining enough to keep (surviving under the changing conditions).

WN: Was the government paying more than you?

FL: Government was paying a lot more than we were (in many job categories).

WN: [What other actions did you take to survive?]

FL: (We acted as warehouse and storage areas for the government.) Their materials that came in, it would be their property, and we were simply storing it until the time they needed it (such as food items, etc.). (We felt we could help them and help to survive if we tried to do everything we could to facilitate their getting goods from the Mainland and the docks. To do all this and keep going, we made a major new move.) (The company) opened a San Francisco office. Fortunately, my father had had friends in San Francisco and (to whom he wrote and described our problems of buying, expediting, getting shipping approval, and following up on all these problems, as well as informing our suppliers of the military need here). (Through W. P. Fuller of the Fuller Paint Company, whom Lewers & Cooke had represented, we found just the guy we needed.) (Lewers & Cooke hired) Mowatt M. Mitchell, a Stanford [University] graduate, (sight unseen but highly recommended by W. P. Fuller). He'd been in the diplomatic service for several years and then had gotten out and been in a couple of other

places and (had just completed) the job that (Fuller) had hired him for, and he was immediately available, and he came to work for us within a matter of, oh, hours after we made the proposition. And so we were extremely fortunate in having a very capable man start a San Francisco office for us. So he rented a space in San Francisco, (hired staff), and we even got word out immediately by mail to every one of our suppliers, and he got word out and started on the phone calling all of them, and saying that he was our representative in San Francisco, and to shoot everything through him. And in that way, why, we were able to quickly, very quickly, start a buying department in San Francisco. (Mitchell expedited, coordinated, and arranged for transportation which the government had to approve.)

Now, in the Northwest on lumber, we had had a (very capable buyer) up there who was sort of an agent for us, he wasn't an employee. We (had) paid him on a commission basis. And so we just kept him on, and he was our buyer, and he bought lumber from northern California to, through Oregon, Washington, up and into Canada, and knew that game very, very well. (He now took on the problem of getting the lumber forwarded to us here to handle for the navy, etc. and alleviate the extra problems of government bureaucracy.) And so we kept him on. And so we had a lumber purchasing office up there, and we could use him also for other things, if they came from up there that Mr. Mitchell couldn't handle it from San Francisco. So again, looking for survival, why, I think probably one of the most important moves we made was to set up this San Francisco (office) immediately. We kept Mr. Mitchell on for several years up to a time when the war was (well) over, and we didn't feel we needed him any longer. And anyway, he wanted to stop at that point (and retire).

WN: So because of Mr. Mitchell and the agent in the Pacific Northwest . . .

FL: Yes, his name was Jernberg, J-E-R-N-B-E-R-G. Newton Jernberg.

WN: And having these people facilitated you getting materials faster.

FL: Oh god, yes. We would have been at a terrible disadvantage without the two of them. And with Jernberg it was just a matter of (adding to his regular duties). Jernberg commanded the respect of anybody he dealt with, (as did Mitchell).

WN: So they helped get the materials from the West Coast prior to April, or April was the first?

FL: No, prior to April. (He got space lined up to coordinate with his buying but the first convoy did not leave until April.)

WN: Prior to April, you . . .

FL: Right. Another (very important) function that he performed in San Francisco, you had to get a shipping permit in San Francisco for (everything) that you brought down here. So there he was, (luckily), in San Francisco, and so he had to go down and spend many hours, every day, probably, trying to convince the shipping (officers) or whoever was responsible—I don't know what they called it—but to ship this stuff to Honolulu. (You had to have approved merchandise ready for shipment.) And we had to back it up by orders from the government here. So we were really a sort of a subsidiary department of the government, but acting on our own within the framework that the government set up, and had to follow all their orders.

WN: There were no problems, I mean, did your father feel any kind of frustration that, you know . . .

FL: Well, we still . . .

WN: . . . here he is running a business, until . . .

FL: (We were trying to do our part in winning a war. Bureaucracy was necessary. Some of it was good and some was very poor. We had to accept what the government was able to put together.) And besides, the government really didn't know what they were doing (They were trying to do their best, but, you know, they would okay some of our stuff and (not others). Well, it was frustration over that because they had to put people into jobs who really didn't have any (knowledge of what it was all about). Some of them hadn't been in that sort of thing at all. So they were learning from us, in a way. So it was a tough (war period). And we didn't have enough people, so we were hiring but we were working our crews, rather than a forty-hour week, maybe a forty-four, forty-eight hour week. And so our costs went up very, very considerably, and we couldn't pass it on, until the office of price (control) approved it. And eventually, we (might) get these approvals, but they'd come through way after we'd had to sell the materials. And so our gross margins dropped. In other words, margins between what we bought it for and what we sold it for, dropped because we had to use the old prices. So they were rough years (mentally and physically and profitwise). (But we were a lot better off than the guys fighting the war.)

WN: For your labor, did you raise wages at all?

FL: I (know) we raised wages, (as we could), all during the war, (if they allowed it). (Other things we did to help the effort and to bring in revenue to survive) was to lease to the army engineers the Queen Street lumberyard property. And we leased part of our (office) at Queen and Cooke Street. Sales (in 1942) were 20 percent less than in 1941, even at the higher prices that were allowed, so that the number of units that went out during that year were considerably less (than in 1941).

WN: You leased it out to the navy (and other government agencies) . . .

FL: Oh, in order to try and bring in as much revenue as we (could to survive) because our sales were falling and our prices were (not keeping up with inflation). We had this contract with the navy which brought in (revenues). And we stored for the army food supply. They brought in quantities of food. We also warehoused, for them, in our warehouses a lot of food (because) space was available. I can remember at one time, we had several hundreds of cases of corned beef, and I think there probably were a lot of other foods we had, too, but I just happen to recall that.

(Since there was a limited availability of shipping space, we had to cut way back on on civilian home building supplies at the beginning of the war. We had to close our home building department.) We tried everything we could to find out what the army, navy wanted, then would find it and arrange space to get it here for them. Because building materials were high priority items, we were able to get many of our orders approved. For all the islands of the Pacific where they were building bases, (we had a large catalog made up in 1939-40).



(We sent copies forward and had it reprinted as soon as they could do it so Lewers & Cooke was known all over the forward areas).

WN: Did your father hire women?

FL: Oh yes, the number of women started to go up. Our staff, in 1942, included twenty-two women, or 7 percent of our regular employees, compared to an average of approximately 3-1/2 percent of women employees prior to the war. So we had, we doubled up on women in the first year. And I gather, during later years we probably increased women as—you know, if we could find them and they could (perform our kind of) work. (We were happy to have them.)

WN: What kind of jobs did they normally do?

FL: Well, in those days, you didn't usually use women for warehousing work (or for handling lumber). I mean, it wasn't thought, it wasn't considered—so I think most of them went on in stenographic work, clerical work, telephone work, taking orders, double-checking. For instance, they were good, excellent on doing all this double-checking on the government orders that came into us. And that had to be double-checked to make sure they had proper (purchase) orders backing them up (so that the government bureaucracy couldn't haggle about and not pay the bill).

WN: And prior to that, men were doing that?

FL: Prior to that, (we had less problems with people not paying bills). We had some of those women, 3-1/2 percent of women that we had were doing it, but now more women wanted jobs, and so we could, wherever we could find one, you know, we would hire them. And they were capable girls. (Before, we did not have all this government bureaucratic work to do and we had few job applications from women.)

WN: What about students?

FL: I have no recollection of students coming to work for us. There may have been some, I just don't have any recollection of that. Certainly if they'd wanted to come to work for us, we would have taken them.

WN: Okay. While we're on the subject of labor, was there any kind of union activity involving Lewers and Cooke?

FL: No, the union activity, as I recall, did not start until after the end of the war. Our first experience with organized (labor) was a group of men that worked in the lumberyard. (They may have been extras—not hired on a regular work week. We had to use a number of extras because we never knew when certain materials were coming, particularly lumber which came in large amounts few times a year.) And they signed up, and the union (wanted to) negotiate. And then, lo and behold, within about sixty days, we got a petition from 84 percent of those who had signed up with the union, saying, "We don't want the union."

And so, we were caught in a bind. The union said we represent these people, but 84 percent

of those who signed up (changed their minds). We've got to respect the wishes of our employees, and we did not negotiate. The matter did not come up again, until after this long, very violent serious strike (of 1949, when our problems really began). (Nineteen forty-nine began a period that was much more difficult for Lewers & Cooke than the war was.)

END OF INTERVIEW

Tape Nos. 22-13-3-92, 22-14-3-92 and 22-15-3-92

ORAL HISTORY INTERVIEW

with

Frederick P. Lowrey (FL)

February 26, 1992

Makiki, O'ahu

BY: Warren Nishimoto (WN)

WN: This is an interview with Mr. Fred Lowrey on February 26, 1992, at his home in Makiki, O'ahu. The interviewer is Warren Nishimoto.

Okay. This is our third interview and we had some slight technical problems last time. So I'd like to back up just a little bit and ask you some questions that I've asked you last time that somehow didn't get on the tape.

FL: Okay. Fine.

WN: Last time I asked you about bomb shelters.

FL: Yeah.

WN: And I was just wondering, you people built one and how the fact that everybody else was building bomb shelters, how that affected your business.

FL: I don't think it had really very much effect on the business, although it may have had some. Because we had considerable difficulty, you see, selling to private individuals. We had to get an approval to sell almost any building material of any structural value. We couldn't sell without a permit from the government. And most of the type of materials that would go into bomb shelters would be of that type. So I doubt whether---they may have approved some and they may not, I really don't have a recollection. So I'll tell you what we did. I went down to the junkyard and I found a used truck body that hauled sand and rock and that sort of thing. And it was junk and for sale, and they hauled it up to my house for me. I bought it. We tipped it upside down on the ground on the terrace outside the house. And then I put a piece of some type of a water shield over the top. Whether it was plastic, or something I was able to get a hold of, or not, I don't remember. And then we were able to get somehow---I don't know how we were able but we were able to get sandbags some way, I think. Or sacks, gunny sacks, or something. I know, maybe it was from concrete or something---used concrete ones or something. But anyway, so then we filled those with sand and then built a sort of a wall around it of sand. And then went and put something over the roof. I guess anything we had lying around the place we put on the roof to give it some more (protection). I don't know that we used it more than three or four times. When a couple of those sirens went off---one or

two times—why we may have used it.

I did phone my (eldest) daughter, who was only a couple of years old at the time. And I phoned her over the weekend and said, "Do you have any recollections of Maunalani Heights when we lived up there and the war?"

And she said, "Yes, I do. I remember you getting a telephone call and being quite concerned. And you talked to Mother. I don't remember the conversation but I do remember your going over to a locked desk, and opening it and getting out a gun."

And at that time I had a (.22) Colt automatic, which was small caliber. It shot "long rifle" (shells). It was the only gun I had—had it for years. Matter of fact, my wife and I had bought it when we were driving across the continent on our honeymoon. And if you come through the state of Colorado—they had no rules whatsoever about it. And I saw this gun there and I thought, "Gee, you know, maybe where we're going and all maybe we ought to have a gun." So I bought it and I taught her how to use it. So when I left the house that day to go down to my job, down at Lewers & Cooke, I think I left the gun with her and showed her (again) how—filled it, the what do you call it? The thing that held the shells and the bullets and so on. And left it with her. And my daughter remembers that. She was only about three, three-and-a-half years old. And then she says she does remember the bomb shelter and she remembers the sirens going off overhead once. I think there was once or twice when we had sirens. And she said she still has some fear, and it's left her with residue—psychological residue—of those years.

And she says that, "Maybe it's one reason why I am very fond of a house, and don't like to move, and so on. I don't know what the whole psychology of it is."

So we had a bomb shelter. But it wasn't . . .

WN: Was it stocked with anything? Canned goods or so forth?

FL: No. Not that I recall. Because it was within a very short running distance of the house. And I sort of felt, I guess, that if it came to that I could run out and get some *kaukau* and get back.

(Laughter)

WN: Was it tall enough to stand up in?

FL: No. No, no. It was, I'd say at the most, three-and-a-half feet high. In other words, it was the depth of a dump truck turned upside down. In other words, that would be the height of it.

WN: I imagine the kids must have had some fun with it.

FL: Well, they probably used it—played house out there and that sort of thing with it. The kids in the neighborhood probably came over there and so on. (When I think of it now and the shell that hit the King Street building, what we had built was not all that substantial, perhaps useless.)



WN: How did the war affect your home life and family life?

FL: It was a strain because of my hours. I had to get to work early, being an officer of the company and all. And we started early. And, of course, we supplied the contractors who started early. And the army was working twenty-four hours a day during all of the first year of the war. So that we kept a crew on at Lewers & Cooke, I believe, for the first year. Somebody was in the warehouse, and the lumberyard, and so on, all night long to fill any orders that the armed forces might want. So I felt it my responsibility to get down to work in time, and we started work at 7:30 [A.M.]. So that meant leaving the house really very early. And I had to drop the kids off at school. That got them at school way early, and so on. But there were other kids, I guess, that were in the same situation so they played with other kids until school started. And then it was sometimes very late when I got home. And then the blackout, of course, really disrupted things. All parties ceased—for several months there were no parties. I guess there were more divorces in Honolulu in the early years of the war than in any short period of time. Husbands and wives couldn't get along with each other because their (social) relationship had been changed. They used to go out and see other people and be able to do other things. Now they were pushed together. And they were very—they had to be very close. And if they couldn't be close then there was trouble. I remember several of our friends got divorces. And then when there was room on some of the clippers going out, several of the wives who were afraid at being here, they left. They got up and left their husbands. And then they couldn't get back. And I remember one couple—she went back. Actually, she was a local girl but she went and stayed with her husband's family—I think it was in Texas—for the balance of the war. And they came back, and then they got together again. But it was really a very disruptive situation. On the other hand, it was a very interesting situation. We had (Mainland) friends—classmates of mine (or Janet's friends) who came through here (on the way to forward assignments) and would give (us) a call. Then when they'd get time off we'd invite them up for a (meal). I'd pick them up Downtown and bring them up. I have no recollection of how we got them home, at this point. Whether I drove them home at night with the blackout lights or. . . . A couple of them that we knew very well we kept overnight. In other words we put up a bunk out in the living room and so on. And I remember several of them slept overnight and then we could take them back the next day. And then, of course, my wife had friends who (came through). But what they would (also) do would be to have a friend and so on and they say, "Well, look up so-and-so," and, "Look up Janet Lowrey." So we had some very interesting people coming through on their way out to forward bases and so on. But we had very little gasoline. I would say we practically never went out during the week at night. (The day after Pearl Harbor I went and bought the most powerful radio I could locate. It helped us keep in touch with things around the world.) The only real (outside) recreation that we could get would be on Saturdays and Sundays. Our typical family life on Sunday would be to go up and visit my grandfather, who lived up Nu'uuanu Valley. And we'd go up and spend part of the afternoon with him and then—to the extent we had any gasoline—we'd drive around and show the kids places, and (visit other friends). (We made it a happy time.)

Later in the war I joined the Outrigger Club. And that was a great opportunity because it meant that the kids could go out there swimming. And Janet could take the kids out there if—again, if there was gasoline. And we didn't have two cars until quite late. Late in the war (or later) I was able to pick up another second-hand car. And I guess at that time they were a little freer on gasoline. I know we used to go out Sunday nights to Outrigger for dinner. The

kids loved it because they could eat and then go out and play on the beach while Janet and I finished, and maybe talked with other people and so on. So we had that advantage. And also that gave us (social) contact with other people (whom we) would have otherwise completely lost during those years. And so I've always looked back on those weekends as happy occasions because it did give us a chance as a family to get out and do a few things, but not travel very far because again of gasoline problems. Now later, as the war got further and further on they were much easier on gasoline and we could do more things. And so briefly, that . . .

WN: I asked you one time about the businessmen's military training corps and how a lot of big business people got involved in it. Did you get involved in that at all?

FL: Well, it was something a lot of people wanted to get into and we had requests at Lewers & Cooke from all of our younger guys, and even some of the senior officers. Lewers Paris, who was always considered the number two man in the company. If my father had suddenly died why he would probably would have been the one who'd have been elected president. He wanted to be in it. And a lot of the other younger fellows wanted to be in it. And the problem was I felt the same way, in a way, and yet I didn't like to leave my wife alone with—she had—our third child was born in early 1942. I think it was February. February 3, '42. So she was *hāpai* for the first several weeks of the war there. And then, of course, was in the hospital. And we had a heck of a time getting her to the hospital the night that she thought the child was going to be born because it was a blackout. And god, we eased our way down the hill—top of Maunalani Heights—and we got down to the bottom. And we were very fortunate in that as we were about to turn out onto Kaimukī Avenue and head down toward the (Kapi'olani) Maternity Hospital right across the street over here, a policeman came along. And he waved us over and he says, "Where are you going?"

I said, "I'm trying to get my wife to the hospital." I says, "She's got beginning labor pains." And he was nice as hell, I mean just wonderful.

He said, "Park your car here in this service station." He says, "I'll take you down."

So I said, "Well, how am I going to get back?" (I had to get back to the two young ones at home.)

"Oh, we'll worry about that later."

So we got Janet down to the hospital, and got her entered into the hospital, and everything was all right. So I said goodbye to her, goodnight. And she wasn't at that critical period when you knew the baby was going to be born that night or anything. But this was her first—well no, it wasn't. It was her third experience. As it turned out, it was a false alarm and we had to do the whole thing over again two weeks later.

(Laughter)

FL: But the police were very, very helpful. (I think they got me back to my car in Kaimukī.) Now, to get back to the question you asked about my joining it. My father came to me—I may have gone to him and said, "How about me joining that?"

And he turned to me and he said, "Fred, I wish that you wouldn't do it." He said, "All the others want to go. I don't want to turn them all down. If you go there isn't anybody of officer or junior officer status that I have left that I can count on if something should go wrong." So he said, "I would prefer that you not do it and then you're available. I'm sure I can count on you if—in being available—if something should happen and we need to have somebody down at the office or something like that." So I didn't ever have that fun of being in it. I've always regretted it. They all got—they all had uniforms, they all carried guns, you know. Everybody that was in it thought he was a big shot (and constantly talked about interesting experiences they all had).

(Laughter)

WN: What did they have to do? What were their duties?

FL: Well, they rode sort of shotgun. (Laughs) That's not a very good word, but they rode as a second to a police officer. They never were alone, but they were there to assist the police officer. It made the police not have to send two police officers out. They could send a police officer and then one of these businessman policemen, so-called. And they were given training and so forth and so on to do it and were able to assist. And a lot of them did a lot of good. You know, if a policeman had a guy that was a little bit rough, why, having a second guy there was very helpful. And . . .

WN: Did they get paid at all?

FL: No. No, I don't think so.

WN: Were there any advantages, besides being able to carry a gun? I mean, did you get a higher gas ration or anything like that?

FL: I suspect they did. I'm sure they did because they couldn't have operated otherwise. So they—I'm just talking off the top of my head now but it must have been that way.

WN: And did Mr. Paris join?

FL: Yes. And all guys my age joined. And (it) was (the) conversation (of the day). They'd come in the following morning and the trouble was how did you get people to start to go to work because they were all talking about their experiences of the night before.

(Laughter)

FL: Where they'd been, and what they'd done, and that sort of thing. But it was in a way a good diversion from the pressure and stress of the war.

WN: So you were—you didn't serve in the military and you didn't serve in this. Did you feel at all any kind of disappointment that you weren't . . .

FL: Yeah, and I felt—I sort of felt guilty about it, as if I should be doing something else. And

that's one reason why I did get into a lot of things that could be done during daylight hours. For instance, I think I gave you a copy of that—remember I won that award in 1942 or '43? And its---they're all listed in there.

WN: Right.

FL: But I've forgotten all the things—I can get into that if you want to.

WN: Okay.

FL: I think I've got a listing. I think I have a copy of it here.

(Pause)

WN: You mean the article?

FL: Yeah. Because I just don't remember.

WN: Okay.

FL: This was entitled—I don't know which paper it was in. I guess it was in both. But it was headed, "Frederick P. Lowery Honored by Junior Chamber of Commerce for Outstanding Service During 1944." So this would have been as the war was tapering off and so on. And it starts out, "Frederick P. Lowery, 33, assistant treasurer and secretary of Lewers & Cooke" and so on. I had been in the Junior Chamber of Commerce and I think I was treasurer of the YMCA [Young Men's Christian Association] and so on.

WN: And you—it says here that you were ill at home with a cold so you weren't able to attend the dinner. (Laughs)

FL: That's right. I had the flu. They said "cold." I had the flu. I had a bad case of flu and so I never got to the meeting, which was very unfortunate. But I always felt fairly good about this award [distinguished service award of the Honolulu Junior Chamber of Commerce] because the committee that gave it was Hosmer Rolph, who was a vice president of Castle & Cooke; and Harry Field was the chief engineer and an officer of the Hawaiian Electric Company; Peter McLean was a vice president of Hawaiian Trust; Gregg M. Sinclair was president of the University of Hawai'i; and Shigeo Soga was head of *The Hawai'i Times*, the newspaper. So I felt that this was really quite an honor because of the type of guy that made it. In other words, that committee picked me out of other guys to do it. (I must have been doing quite a few community service type of things from early in the war and perhaps before.)

WN: So you're---let's see. The name of the award is "The Distinguished Service Award of the Honolulu Junior Chamber of Commerce."

FL: Yeah. Now they gave that out for a period of about ten years and then they decided to change their policy and they gave out several awards each year. And that went on for several years. And then recently, I haven't—I don't know whether they still do this or not. You know, at age eighty why I'm not material for the Junior Chamber of Commerce.



(Laughter)

FL: And so I really don't know what goes on in there anymore. But at that time I was, according to this, let me see. It says, ". . . was chosen because of his community services in the following fields. . . ." Oh, I was on the city planning commission at the time. I was on a special committee that had been appointed to look into the wharf situation as to where the new wharf should be built. And I was treasurer of the YMCA. Oh, another thing I did was—I felt I was never—I never liked to go to church. I was forced to go to church from the time I was about four or five years old. And so I really hated church. And when I got to Andover they had church twice on Sunday. They had church every day. In other words you went to chapel before you went to school. And then twice on Sunday you had to go. Well that sort of cured me of ever wanting to go to church. And I married a girl whose family was not particularly church-oriented and so on and didn't go to church very much. So that gave me an additional excuse. So we never---while we were members of Central Union [Church] and made a (financial) contribution every year to Central Union, which I always have and still do, we weren't very good members. So I felt though that I should do something in the line of church work. And so I was asked to be a member of the Hawaiian Evangelical Association, (serving with several very prominent older men), which was the senior organization that held all of the properties for the congregational churches. And they literally held hundreds of pieces of properties all over these islands. Wherever there was a little Hawaiian church in the early day, that property belonged to the—was given to the church and was owned by the Hawaiian Evangelical Association. And I remember one of the things, perhaps, contributions that I helped to make to that organization was I asked one day, I said, "Do we have title papers to all of these and have they been (cleared through the state land court)?" And we found out on investigation that no, we (had not cleared a lot of them). So one of the projects that I suggested that they do was to bring up to date a study of all of the properties that the Hawaiian Evangelical had, because they were worth—they literally could be worth thousands and thousands of dollars. And they had a lot of clauses in them; they could only be used for church property and so forth and so on. But over a period of time, why, some of those things by court could be changed.

And it says that I was a member of the maritime affairs committee of the Chamber of Commerce. There was a lot of discussion as to where the next major wharf should be built. Because most of the wharves were built down at the 'Ewa end of town and were almost all owned by the Dillingham Corporation. They later—the state [territory] and the Dillingham Corporation got together—and the state [territory] bought all of that from the Dillinghams. And a lot of the funds that came to build the [Ala Moana] Shopping Center probably came from the state's purchase of the Dillingham wharf properties, and so on. And my feeling was that this was the area [East Honolulu] that was the (first area) of growth at that time, and for the next say ten or fifteen to twenty years was going to be toward Koko Head. And so I felt that if we built any more wharves we should build them around the Pier 2 area (near the Honolulu Harbor entrance). And it was as a result of that thinking that the planning commission decided to recommend that—the Harbor Board recommended that. And that big---those great big facilities—huge facilities—at Pier 2 were built to—where ships could supply the *Waikiki*-Diamond Head side of town—as distinct from the other side of town where there was ample wharf facilities. There were no covered wharf facilities at Pier 2 in the early days. It was all just open concrete. And they'd bring lumber in there but they didn't bring anything that could get damaged by the rain and so on.

WN: So were wharf facilities actually built?

FL: Yeah. Yeah. The same facilities that are there today.

WN: Is that like Kewalo Basin area or . . .

FL: Well it's at—the entrance to the harbor is called Pier 2.

WN: I see.

FL: All that whole great big pier area in there is Pier 2. All of the—until you get to where the Coast Guard is. Coast Guard I think is Pier 3. So all the docks at the mouth of the harbor was all called Pier 2. And all of the buildings that were built on that were built at that time.

So that's a brief summary of this. In other words these were some of the things I did in the community because I felt maybe I wasn't doing my fair share. I wasn't at war where some of my friends were, I wasn't doing these police duties and been asked not to. So I felt, you know, I'd get out and do some other things in the community. And these were apparently a few that they took into consideration. (I was often the youngest member which gave me wonderful experience with experienced people.)

WN: You were telling me a story about you getting—you spending a night in jail.

FL: Oh yeah. (Laughs)

WN: Can you tell me about that?

FL: Oh yeah, yeah, yeah, yeah (laughs). I didn't spend the full night in jail. It was a Friday at lunchtime. My father had insisted that a senior officer of the company—and I was corporate secretary, which automatically made me a senior officer—had to be on duty at times, from early in the morning until we closed. And so one Friday noon, while I was in the office there, the others had all gone to lunch. And I had to go to lunch either before or afterward because I had to stay on duty there. And in walked these two huge military policemen. God, you know, they looked about six feet six [inches] high, and they were carrying sidearms, and all in uniform and so on. And they asked for the manager. Well, in a sense I was the manager on duty. I was the senior one on duty. And they said, "You're under arrest."

And I said, "What for?"

I'm not sure whether they told me or not. But anyway they said, "Come on with us. You're going down to the police station." And of course, the military were running the police station at that time. So I had to walk through town with these two military police. (Laughs) One on each side of me. And I don't know what my friends thought.

(Laughter)

FL: And so I got down there and they would hardly let me tell what had happened, or could I find out from them what it was (all about). But apparently it had to do with they claiming that we

had broken a rule of the military governor. That we had sold some Black Leaf 40, which was a—oh, what would you call it? It was a . . .

WN: An insecticide or pesticide?

FL: Yeah. It was an insecticide for flowers and that sort of thing. And it was poisonous. I don't know what it had in it. Anyway. And you'd sell it by the quart or less. And under the rules we were entitled to sell it. We had a small garden department. And under the rules we were allowed to sell it, providing we had authority. And providing that we sold it to somebody who had gotten permission to buy it. And this elderly Japanese man who grew flowers, I think, up on the top of Maunalani Heights. Up in that whole area was all carnations in those days. There weren't very many houses up in the upper part. So he'd gotten permission to buy this. We sold it legitimately. But somebody (outside) got up in arms about it and thought we'd broken the rules and so forth and so on. And so I tried to explain the whole thing to the guy at the desk—booking desk—and I got nowhere with him. He didn't know what it was all about. But you know, these were young junior officers or enlisted men and so on. They didn't want to make a mistake so they took me downstairs and put me in the Bastille that was down in the basement, or whatever they—their cells down in the basement. It's in the old police station down at Merchant and Nu'uuanu. And they wouldn't let me make any telephone calls. I thought, you know, I (needed to) get back to Lewers & Cooke and get somebody to come down, or get an attorney to come down and bail me out. I didn't have any money on me, and I don't know whether they would even let me put up bail at that point. And so they put me downstairs. It was dark in there—no lights. And I saw this—when my eyes got used to the dark—I saw this man huddled in the—lying on the floor. And I tried to talk to him, but he didn't talk very good English. But I got the impression that he might have been the guy we had sold the stuff to. And so I waited and waited and waited, and thought, "My god, am I going to get out of here, or am I going to stay overnight here, too."

WN: Right.

FL: Finally, I raised quite a bit of hell so finally somebody upstairs decided that, I guess, maybe they weren't carrying out their duties properly and they let me—or they made a phone call. Or maybe, maybe it didn't happen that way at all. Maybe somebody at Lewers & Cooke found that I had been taken out and the other guys noticed that these guys had taken me out, so they thought I was in the police station. So somebody else, late in the afternoon at Lewers & Cooke—I hadn't come back—went down to the police station and somehow found enough money to put up enough bail. And they got me out late in the afternoon. Then a couple weeks later, I was taken to military court and Roy Vitousek—that's the father of the present Roy that's here now—and grandfather of the youngest one that's here. He represented—he was our corporation attorney—Lewers & Cooke's attorney—and he represented me. And we had quite a battle explaining the whole thing to the military judge and so on, but they finally let me off. And then I think we helped get the Japanese man off too. And so that we cleared the whole record. But we hadn't done anything wrong. But this was typical of the type of thing that happened during the early months of the war. In other words, everything was fubar. You know, snafu or fubar, whichever word you want to use. Fouled up beyond all recognition, you know.

WN: Would you call it a kangaroo court?

FL: It was a kangaroo court, of the way we think of it. There was no jury or anything like that. You had a single (military) judge (who was often untrained) and he just made automatic decisions. And you know, you could be madder than hell at him, and yet looking at the other side of it, (the community) had to have some law and order because some guys were always trying to break rules. So you had to look at the two sides of the thing and say, "Well Jesus, he's a bastard but at least he's trying to do a job." And while you were mad as hell at him, and I was mad as hell, and Roy Vitousek was mad as hell at him and the way he handled the whole thing, in looking at it in retrospect, there had to be something like this during that (early) period of time or law and order would have just been out the window. The local courts couldn't have handled it. They wouldn't have known how to handle the thing. The normal laws wouldn't have handled the situation. So like it or not—and I didn't like it particularly, none of us did—I think it was something we had to put up with. And we had to put up with it for a couple of years. Now maybe they kept it on longer than necessary [martial law in Hawai'i lasted until October 24, 1944] but as time went on they got people that were better in the job and understood things better. And there weren't the same types of problems later on.

WN: Did they get more polished as the war years went on?

FL: Yeah, yeah, yeah. Definitely, definitely.

WN: And when did this occur?

FL: Well, I would say it must have been within a matter of two or three weeks after the war (started). See, what they thought was this guy had this poison and he might put it in the water supply and then a lot of people would get sick. That was their line of reasoning. And so it was, you know, one of those interesting experiences. (Laughs)

WN: So that's---so what happened to you was sort of like the negative aspects of martial law. Or, you know, you're saying that martial law was something that was necessary but there were some glitches to it.

FL: Oh yeah. Definitely, definitely, definitely. A lot of glitches (chuckles). And people were really upset about it. They [the military government] didn't seem to know how to use reason. And they didn't have any understanding of what normal peacetime law was.

WN: Would you say that martial law helped Lewers & Cooke in the business or hindered it?

FL: That is very hard to say because it would involve a judgement on how bad things would have been had there not been military law. You know, we like to think that everybody is a law-abiding citizen but, you know, there aren't. We know it from just reading the daily papers. And even today there are hundreds and hundreds of cases of people that are doing things that aren't according to law. Well, when you have a situation where everybody is under the stress that we were during the war, this sort of thing multiplies. And I think that things would have gotten completely out of control if we hadn't had the—literally having the military court up there put a sense of fear into everybody. "Look, maybe you better be a little bit more cautious on what you do, and don't do some damn fool thing." And so I think it had its place.



WN: Did it create more paperwork than normal?

FL: No. Not that part of it because—but the thing that created the paperwork was all the literally scores of other types of (regulations) that we had to follow. For instance, we had to get a permit for every single (transaction). We had to get a permit to order from the Mainland, and that had to be signed by some organization. Because the buyer that we bought from couldn't sell it to us until he had a military order approving the sale to come to Hawai'i. Then we had to get shipping papers approved to bring it from wherever it was on the East Coast, or the Midwest, or wherever it was to the coast, to a docking facility. And then we had to get a permit from a shipping authority (from San Francisco, mostly) to bring the stuff to Honolulu or it couldn't come down here. So it was just one thing after another that you had to get approval on. So the paperwork, yes. The paperwork increased, I don't know, I'd say maybe it went up ten times. Not only to accomplish getting the merchandise down here but then also handling the paperwork in such a way that you could get paid for it. Because if you didn't have the proper invoices—I mean the proper purchase orders—signed by proper people, they wouldn't even consider your bill to them. So we had literally hundreds and hundreds of thousands of dollars tied up for a couple of years in accounts receivable because they couldn't handle the (load).

WN: So it took a long time to get paid?

FL: Oh yeah. It took us long time. I'd say some bills we didn't get paid for over two years.

WN: So after the war was over too, you were still trying to . . .

FL: Well, as the war tapered down it got better. So that I would say when the war was all over we still probably had some but my memory just doesn't help me there. But I don't think we lost a hell of a lot on bad accounts, because we were very careful. Had we not been careful, had we not set up this whole system, we could have lost literally hundreds of thousands of dollars, and we never could have proved that we supplied them with the merchandise and they wouldn't have paid us for it.

WN: Did other businesses go under because they weren't careful?

FL: I don't know. It's perfectly possible. A lot of businesses went under during that period of time. And I just have no clear recollection as to how many did. But you had to set up all of this bureaucracy to handle it. We set up—as I think I mentioned—we had a buyer in Seattle and we designated him as our agent up there to handle all of our stuff. All of our lumber and all of our plywood and all the products from the Pacific Northwest. And then we hired a man in San Francisco by the name of Mowat M. Mitchell, who was a graduate of Stanford and had been in the foreign service, and had worked for W. P. Fuller & Company. But god, we couldn't have (survived) without him. And he got a—he hired a secretary, and then he would hire such additional other help as he would need. He had to keep in touch with all of the shipping organization there. He had to keep in touch with the warehousing on the West Coast. He had to keep in touch by phone—we couldn't phone from here (too much) because of the—partly the cost but also the—oh, what do you call the, you know, the restrictions of writing letters. All our letters went through that, what did they call it?

WN: Censors.

FL: Censors. So we couldn't make telephone calls in a lot of cases because of the possibility of not (giving information to Japan). So we would have to do it through our office in San Francisco (by mail). And this guy was just wonderful. He caught on right away. He got a very good secretary and she was with us during the whole time that he was. And the two of them, plus what other help they needed, then just took care of (our suppliers)—they could telephone to San Francisco, you see, and make whatever arrangements they wanted. If they didn't have the proper authorization, why, we then could get the authorization to them and then handle the shipping instructions, and the shipping approvals, and so on, that were needed.

END OF SIDE ONE

SIDE TWO

WN: Okay. So, you know, there were some difficulty in getting materials from the Mainland to sell in your store (and lumberyard).

FL: Oh. Terrific. We couldn't get anything. We couldn't get anything without approval. Not an order could come through without approval, as I recall it.

WN: Okay. And then, you know, you had trouble getting paid by the government . . .

FL: Right. (They just did not have the staff to put our invoices through even though the invoices were in order.)

WN: . . . for all of these things. Was Lewers & Cooke turning a profit during the war?

FL: This was a very serious situation. We had a situation where if we got merchandise in it could be immediately sold because somebody—some government had ordered it. So there was an immediate sale for it. So it wasn't like the 1949 [longshore] strike situation where you couldn't get material, but when you got it you couldn't sell it because things were so bad that (people couldn't) buy it. So we had a ready market for anything that came in. Just to give you an idea, our (net) profits in 1941 were (\$422,000). In 1942 our profits went (down even though) we sold out practically our whole inventory (and most of what was allowed to come in). And then we were able to get materials and as soon as that came in, it went out. But then the profits started to drop. So they went from (\$422,000) in ('41) to (\$289,000) in ('42). (In 1943) they dropped to (\$127,000). In 1945 it dropped to (\$121,000). The controls at that time and our inability to get price increases, even though the price to us was increased, but we couldn't increase our prices. So our margin of profits dropped to a (very low) point. And then the following year, 1946, they went up a little bit, but they were still only (\$170,000). In 1947 they went up to a little over (\$256,000). Remember they (later) came back and renegotiated the profits for 1942 and we had to give quite a bit of our profit back that year, as I recall. In 1941 we paid almost \$400,000 in taxes. By 1945 we paid only \$111,000 in taxes because we hadn't made (much) profit, which shows you the terrific additional cost that we

had to put on. This involved the San Francisco office extra work, the extra work in Seattle, all of the extra people we had to put on in Honolulu doing paperwork.

WN: Plus overtime.

FL: Plus overtime. A lot of overtime. Because we kept on people all night long and we felt we should pay time-and-a-half for over forty hours. And we may have even paid time-and-a-half for anybody who worked at night, if they didn't work during the day. I don't recall that—I mean the facts on that. So . . .

WN: And does that—do those figures take into account like delinquent accounts?

FL: Well, I've got the net merchandise sales. And the net merchandise sales in '41 were \$7,582,000. In 1942 they dropped to \$6 million. In 1943 they dropped to \$5 million. Then they started to go up in 1944 to \$5.9 [million]. In 1945 it was \$5,800,000, and by 1946 we began to come out of the thing and we got up to \$7.8 [million]. And then by 1947 we got up to \$12.9 million—almost \$13 million. But then the (real) war (the longshore strike) hit us in 1949 and the sales dropped from approximately [\$13 million down to \$8.6 million]. (These figures of course included the inflation in prices that was taking place at that time, so the amount of merchandise was less by the amount of inflation of prices by manufacturers.)

WN: Forty-nine. Are you talking about the strike, you mean?

FL: The strike. (The long one originating in San Francisco and the West Coast.)

WN: Okay.

FL: The strike—we went from (about) \$13 million sales in 1947 (and 1948) to less than \$9 million sales in 1949.

WN: Okay. So with the war then there was the difficulty in getting materials, there was the wages going up, the labor that you had to pay, the fixing of the prices, not being able to raise prices, you had delinquent accounts and so forth. So even though you had a pretty good demand on your inventory, you weren't making any money.

FL: That's right. That's right. Profits fell way the heck off. (A normal legitimate profit was needed to keep the business healthy and able to grow and pay higher wages and attract capital.)

WN: If you were to make some profits would you have been able to keep profits? Were there profit controls?

FL: Well (yes, in the war years). You can see what happened (to profits with price controls. Profits fell from \$422,000 in 1941 to \$289,000 in 1942.) And they had renegotiated that and said we had made too much money that year. So we were set back (plenty). We were set back pretty badly from a profit point of view during the war years. But nothing compared to the way we were just creamed during the shipping strike.

WN: Okay. We can get into the shipping strike later.

FL: Yeah.

WN: Okay. So you're saying then that a business like yours which is a—I guess you would consider it a big business.

FL: Well, I wouldn't call it a big business. I would say we (may have been) the biggest—probably the biggest—in our field (but was American Factors, Theo H. Davies, City Mill, and others). But we were not considered part of the Big Five and we were not considered (at any time to be in that league). I would say we were the second tier. Second tier company in Honolulu.

WN: Okay. And, you know, as far as profits are concerned wasn't too good. And then you have some small businesses who really made out during the war.

FL: Well, yeah. Some people really did—some people (laughs) did really quite well because they were able to take advantage of the thing a little bit more. My father and my grandfather were very strict people. And my father put out a rule—and I don't have a copy of it but I remember it very clearly—that we were not to take advantage of the government. We were in this to win the war. And that while we should get whatever was due us and all, and do everything we could to help them, we were not to overcharge in any way. And so that got around and anybody knew that if they overcharged, why, you know, they were going to be subject to a reprimand and so on. So we kept our records pretty clean that way and everybody had to follow the rules. Now we did immediately start to apply for approval to get higher prices, because wages went up, hours went up, work went up that the government was requiring us, and the cost of materials coming to us—when it did come—went up. So we had to find some way to cover those. But they did it gradually through—they had a regular—what was it? WPA, War Profit . . .

WN: Works Progress Administration?

FL: Well, it's something to do with prices. I think there was a price (control) administration and every price increase had to go through them.

WN: OPA, I think. Office of Price Administration.

FL: That's probably the one. That's probably the one.

WN: Um hmm, um hmm.

FL: Now, have I answered your question?

WN: Just about. Well, why don't we just get into . . .

FL: Oh, you asked about some of the other people making a lot of profits. I gave you the example . . .

WN: Right. You gave some examples.



FL: Do you want that example?

WN: The roofing?

FL: Yeah.

WN: Yeah, I think you gave me that. We have that on tape already so that's fine.

FL: Okay, check.

WN: Okay. So the war is just about ending, 1945. What were some of the . . .

FL: I would say from the financial point of view, certainly we were getting back to better profits by 1948 (but only \$268,000 versus \$422,000 in 1941). And sales were good and profits were somewhat better. But we still were way, way below profits before the war, even at that point. For instance, in 1948—and there hadn't been any major strikes that year—our sales were at the highest rate of sales we had ever had. But our profits—net earnings per share were only \$1.39, whereas in 1940 they had been \$1.69. And in 1941 they were \$2.40. So seeing that we only had the war for three weeks in 1941, (our profit was) \$2.40 a share. And that then dropped all during the war. Some years—well, here it is, 1943 we made seventy-two cents, seventy-nine cents in '44, '45 fifty-five cents, 1946 we only made eighty-two cents, and then they began to creep up. But in 1948 we only made \$1.39 as against \$2.40 in 1941. But we had (begun to) recover. We had recovered in other ways that we had our—you know, our objectives were to try and consolidate things at Pi'ikoi Street, get out of some of our other properties—leased properties—and start to move down there. We had been able to make some progress by 1948 on moving some of those things down and consolidating some of those things there. So that we had made progress toward getting ready for the post-war period. But never did we expect to run into the 1949 shipping strike and this was just a disaster for us, which we'll come to.

WN: As the war ended did you notice any definite change from before the war and after the war ended in terms of, for example, being able to raise prices and things like that? Wages . . .

FL: Well at that time we were, I guess, free to—we must have been free to do it. And what we tried to do was to meet, you know, what the going (competitive) rate was. We always felt that we wanted to be as high as anybody else (on wages), but we didn't want to be—we didn't feel that, you know, it was (good business judgement) to be way above everybody else. So we tried to meet the going wages at that time, and we did. So that there were significant wage (increases). Everybody got significant wages during that period of time, (even though our profits were still way down).

WN: Did you notice anything dramatic in terms of being able to get goods in or anything like that? Was it a grad—what I'm asking is was it a gradual thing . . .

FL: Yes. Yeah. It was gradual. But you can see from those figures I've got. For instance, in '44, our sales were only \$5.9 million, or just about \$6 million. That's in '44. By 1948 we were able to get almost \$13 million in sales. Part of that was increase in units, but part of that was increase in prices (i.e., inflation) because prices went up during the war very substantially. So

that you can't say that we got double the amount of merchandise in 1948, even though sales went up to between \$12 [million] and \$13 million, and had only been around \$5 million in 1943. Because a very significant part of that was the increase of prices. Inflation had started. War inflation and, you know, it was just continuing to go up (and postwar inflation continued. But profits did not increase because our costs were much higher.)

WN: What about labor? Were you able to get labor a lot easier [after the war ended] because people were coming home?

FL: Yes, we were. In the 1948 annual report it indicates that during the year the total number of regular employees (not including extras) had decreased from 605 to 571. But 571 was a lot higher than where we were at the beginning of the war where we had only around 400. So we had gone way down. During the war period I think we got to as low as 200 (regular) employees maybe. And then we were somehow able to gradually—now some of the guys, of course, who'd come back from the war. And we took them all back. And we were able to hire a lot of the guys also coming back from the war who stayed in Honolulu. They liked Honolulu and they stayed here and we were able to hire them. (And the military was letting people go.) And then we were looking for younger guys getting out of school to start. So the labor problem, as far as getting people, was easier. The major problem that we faced was that unionism had begun to start, and unfortunately the union leaders were—most of them had philosophically very different ideas from the prewar ideas and so on that we'd had in Hawai'i. And, you know, Harry Bridges was supposed to have had a communist (philosophy). And I don't know what [Arthur] Rutledge was but he certainly was pretty hard to deal with. But they didn't have the same—the labor leaders at that time didn't seem to have the feeling of responsibility. They felt that they had the right to demand more and more and more in wages, but they didn't seem to have the feeling of responsibility to the community to produce and justify the higher costs. And so that's of course what brought on the 1949 strike and why it was such a disaster for the community was that you had a—really a philosophical battle going on. It was a new war, but a different type of war. The reason why the war period went ahead was we had an outside adversary. We were fighting Japan. They were not Hawai'i, they were not American. We were fighting a foreign enemy. But the 1949 strike, it was psychologically a very different situation. You had an internal fight of one group of people fighting another for higher wages. And so you had an internal war going on, and it split the community. Just completely split the community wide apart.

WN: Now the 1949 strike involved the dock workers mainly. But it didn't involve any Lewers & Cooke employees per se, right?

FL: Well it did in this respect, that we couldn't get—beginning in—let's see. The strike started and we thought it was going to come in April but it started in May. And it lasted until November. [The strike ended October 23, 1949.] So we did not get one single bit of merchandise in from April to November. In other words, it was an eight-month period when we didn't get (supplies). Now, in the war there was only a four-month lag before we started to get some merchandise in. But when the 1949 strike hit it was eight months that we didn't get anything. And the other thing that was different was in the war you had an immediate sale for everything you brought in. Whereas in 1949, with the strike, with the community split, and with (companies) having to cut wages and letting people go, the demand for merchandise fell and if you did have merchandise you couldn't necessarily sell it because there wasn't

anybody who was capable of buying it. (The banks were hurt and probably reluctant to loan, not knowing what the outcome would be.)

And now, you asked about unionism and Lewers & Cooke—how we fitted into that. We took the position at the beginning of the strike that we hoped that we would be able to ride it through and keep everybody employed. Well, I'm not sure exactly what month we did it but we had to call—I remember I had to do it. The job was assigned to me, I was personnel manager. I had to call all of our warehouse (and lumberyard guys), and drivers together for several meetings. And I had to just tell them and lay out for them what the situation was, and say, "We're losing money so fast here that we're just going to have to cut either wages or, seeing we don't have hours for you to work, we decided to take and look at it the other way and cut the hours." So we'd been on a forty-hour week and we cut to thirty-six hours. And then within another month things were getting worse so we cut to thirty-two hours. So everybody took—this went from top to bottom—everybody took what amounted to a 20 percent cut in wages. And yet there really wasn't work for thirty-two hours a week for everybody then because we weren't doing—and we took a horrible licking. Looking at it from a cash-flow point of view and a profit point of view, our sales in 1949 dropped from almost \$13 million to about \$8.5 million. We lost money. We went from a net profit after taxes, in 1948, of \$268,000 to a net loss of \$118,000. So, you know, this was a not quite \$400,000 difference.

WN: So absolutely nothing was coming in.

FL: Absolutely nothing came in except we did do this—again we tried to do everything we possibly could to further getting ready for after the strike, in getting ready to move to Pi'ikoi Street. But the other things we did to try and bring merchandise in, seeing only (the West Coast) to Hawai'i was closed up. And we felt that we might be able to get some merchandise if we got it down to the Gulf [of Mexico] ports. And those ships might run because they were a different union, as I remember it. So we had stuff reshipped from the West Coast to the Gulf [of Mexico] and then come down, so we did get a little bit of merchandise in. And we had some Eastern stuff shipped through the [Panama] Canal and down here. So we were able to get a small amount in, but the additional costs were such that—I don't—looking back on it now in hindsight—you know, it was a good (try) and an attempt to survive and all, but whether it made a profit or not on that particular item of merchandise or that group of merchandise is questionable. (But our survival was in question again.)

WN: Now by that time your employees were organized under AFL-CIO [American Federation of Labor and Congress of Industrial Organizations].

FL: No.

WN: Not yet?

FL: No. Not yet.

WN: I see.

FL: Not yet. We did not begin to get organized until 1950.

WN: I see.

FL: They had in 1948, I think it was, we had the unions come to us and say that they had a majority of the guys wanted to join the union. And we then asked for proof of this and so on. And while we were discussing the proof of this we got—unsolicited completely, from what we knew—we got a letter from our own guys in which, I think, 86 percent of all those who said they wanted to join the union now said no, they did not want to join the union. And so we then simply said to the union, “Well, it seems clear to us that the guys don’t want to join the union. We don’t see any point in negotiating any further.” And we withdrew and the union apparently knew at that point that they didn’t have the guys on their side and so they didn’t press us. On the other hand, in 1950, after the 1949 strike when we had had to cut wages 20 percent, then—and you had this wide split in the community, you see. The community was really divided over this whole thing. And the guys in the company were (confused) because the union guys made out that we weren’t paying fair wages and so on and so forth. And yet we were doing the best we could (to stay alive), and you can see we lost over \$100,000 that year. Which was drastic, devastating for us because we had planned our whole development at Pi’ikoi Street to come to a head after the war. We got a lot of it done in ’47, ’48. We hoped to finish it all in ’49. And then we couldn’t get the materials to do it, and further we lost \$100,000 of cash. So this means we had to go out into the (capital) market later and get another \$100,000 of cash to complete the project. So it was a devastating thing to us. Much, much worse than the war. Much worse. And the worst thing about it was during the war, you know, if you go to a guy and he had a problem, why, you could say to him, “Look, we’re trying to win the war. And sure you’ve got problems, we all have problems, all your friends have problems, but we’re trying to fight Japan. We’re trying to win the war against Japan.” But when it came to 1949 you didn’t have that argument. Or you had an argument that he wouldn’t accept. Because he said, “But the union guys say that you’re not being fair to us.” So a lot of them went over to the union. And, you know, in retrospect now, looking back, seeing a lot of this was—from a philosophical point of view—was dominated by people who were of a (foreign socialistic) communist philosophy. And we now know after the breakdown of the Berlin Wall and the breakup of Russia, that the whole communist (production) philosophy is for the birds, (it was non-productive). It produced a good war machine (at high expense) but it didn’t produce any (regular supply of food and housing) and here these guys now are starving in Russia. (Their system didn’t produce.) But, you see, they used that. They used that on the guys—on all of our guys, and all the other people in town, and on particularly the sugar workers and the dock workers—as if the community and the bosses in the community were not being fair. But, you know, if a person now went back and wrote a book about it you’d have the (proof) that communism has failed. But at that time (some thought) communism was a coming thing that was going to be the, you know, it was the Holy Grail from these guys’ point of view. And you couldn’t convince them—most of them. So we lost our good relationship that we had had for years with our employees and we had a union headed by Rutledge, who wasn’t the easiest guy to deal with. (He could not seem to understand the ups and downs of business, the need for a longer-range point of view to survive. And in the end all these union people lost out when Champion Paper liquidated.)

WN: So the cutting wages brought on by the shipping strike was a big factor in probably getting unionized.

FL: I would agree. I would agree. I would agree. And yet, if we hadn’t cut wages at that time that



loss of \$100,000 could have gone up to \$200[,000] or more (and Lewers & Cooke's future and the guys' jobs might have been lost then rather than in 1978 when Champion Paper liquidated).

WN: Was anybody laid off at that time?

FL: We laid nobody off, as I recall. And we might have had—I was going to say we might have had a few guys quit but I don't recall it and I don't have any record of it. We tried to do what we felt was right, and in looking back now, we did the right thing. But you had no argument (that made sense to them). You had no argument that you could use, where—you didn't have a foreign enemy that you could use and say, "Look, let's win a war."

WN: Yeah. It was like civil war.

FL: That's right! You hit it right on the nose. This was a civil war in the community here. You're exactly right. And this is the way business went on for (a time). And it's only been in the last ten years or so that there's been a leveling off of the union activity in Hawai'i. And again, it's probably because some of the fact that Russia wasn't all—wasn't as good as it was cracked up to be and that may be our system of things, while not perfect, is the best that's been found so far.

WN: So '49 was---the longshore strike lasted for six months . . .

FL: Eight months, (I believe). [The 1949 longshore strike lasted from May 1 to October 23, 1949, a total of 177 days.]

WN: And then following that, 1950 was when the Teamsters would organize your employees.

FL: Right.

WN: And that was the same year also that you were making the move---the complete move to Pi'ikoi Street.

FL: Right.

WN: It must have been a difficult year.

FL: Well, it was. It was. Those last three years had been difficult. But '49 and '50 were really, really rough. Because we were operating now with a beginnings of a union or, if the union hadn't completely started, why, the guys didn't have quite the same feeling toward us that they had before. And so they were tough times, and I always felt real bad about it because there was no way to convince a guy that joined the union and got imbued with the union and so on that we were really trying to help him, (in the long run) and that we were really trying to do the best we could. So we were under more pressure. And it was hard to see guys who, you know, you'd been very friendly working with before---sure, they were in the lumberyard, they were in the warehouse, and so on. But you had a good relationship with them and that began to change. And I felt bad about it.

WN: Were all the employees—Lewers & Cooke employees—in the same union?

FL: Yes. We only had one union but it only involved our warehouse guys, lumberyard people, (and drivers and helpers). They never organized our office people.

WN: What about sales?

FL: And they never organized sales. So it was limited. And again, we were trying to do the best job we could in the way of pay for them. But you can see from our profit point of view that, you know, it was disastrous. Looking at this in another way, because of the strike following the war we did not get back to 1941 profits until 1958. That's seventeen years it took us to get back to making the same profit that we'd made in 1941. Now, there are other factors other than the unionism in this. The business was going through—Lewers & Cooke itself, or the whole building business—was going through major changes. We had for years—the housing business and the home building department that generated the largest part of our business. Housing was being built individually, single-story, and so on. Then the trend shifted toward building houses in tracts, but they were single-family houses in tracts. Then the next trend was toward building maybe two-story buildings, and so on. And then you got into multi-story buildings. This was the trend in building at that particular time. We were doing our best to meet these changes because they meant changes in the type of building materials we handled, it meant changes in organization, it meant changes in the way we handled sales—who we bought from. We had to think in terms of joint-venturing with tract developers. We even thought of buying land ourselves and developing it, and then building houses on it, and selling a house and the lot together. And the same thing with our joint ventures. So that our whole organization was going through a gradual change that took place over (the years). And this was all very, very important because of our piece of property down at Pi'ikoi Street. In other words, we could see the value of that property increasing, and as business grew up eventually that property would have multi-story buildings on it. And so we had to think in terms to maximize our resources and do the best job we could for our Lewers & Cooke people, and also for our stockholders. We had to think way ahead as to how we would develop the Pi'ikoi property to bring in the maximum revenue from that, and develop it to its highest value. And all you have to do is drive by that Pi'ikoi Street property today (1992) to give you an idea of it, and it's owned by the Nauru Trust and they have a forty-(four)-story building on (one part of) it. And they're now building a---they're in the process of tearing down the old warehouse building and it's partly torn down. I drove by there the other day and almost tears came to my eyes to see the building. I helped to design it with one of the Rothwell boys. But now it's being torn down. And that building was one of the most interesting jobs I had in my life—of designing a building to fit what we thought was going to be the future of Hawai'i and to maximize the savings that we could develop in getting merchandise from the supplier to the consumer. So that, again, our Pi'ikoi Street property we had to keep in mind. And again, to think that when we bought it, it was all coral. And it was below grade. And here it is today with a forty-(four)-story building on it (laughs). It's just being finished. And where the warehouse building was, they're tearing it down to build another (high-rise). So there's going to be a second major building on that property. And there will be several others that will be on the back ('Ewa side) property that was all lumberyards. But they're only considering the second one at the moment.

WN: So back in 1950 when you moved over to Pi'ikoi Street, whatever happened to your King

Street location?

FL: Well, Lewers & Cooke had built that building between 1898-99 and it was finished, I believe, in 1901. And we stayed there until 1950 or '51 when we moved completely to Pi'ikoi Street. Around 1906 something happened in Hawai'i and I've forgotten now what it was, but business fell off very badly. I think it must have been sugar. Maybe sugar was a very bad year or something. Anyway, Lewers & Cooke's business fell off so that they felt that with the business that they could see ahead that it probably was not wise to own a building. That you—that the profit—that you could maximize the potential profit for the stockholders. So Lewers & Cooke as a corporation then—having been formed in (1900)—sold the property to the Wilcox Trust. And as they had money coming in from other interests they bought property and took a—probably a thirty- or forty-year lease and then had renewed it. So that we still had the building under lease in 1951 when we left. (The Wilcox Trust then leased it to someone else.)

END OF SIDE TWO

TAPE NO. 22-14-3-92; SIDE ONE

WN: What about the other two properties, (the warehouse on) Kawaiaha'o Street and (the lumberyard on Queen Street)?

FL: (The lumberyard on Queen) Street was sold during the latter part of the war to a company who held it for a few years and then sold it. (We leased a parcel *makai* of Halekauwila Street from Bishop Estate. We gave that up.)

WN: This was a property that was sort of leased over to the government during the war, right?

FL: That's right. We leased it to the government to bring in income so that our income wouldn't fall so far during the war.

WN: And then there was one more property, right?

FL: We had the warehouse property at Kawaiaha'o and Cooke Street. And during the war we knew that we weren't going to need that at the end of the war. We got a good price on it and sold it to Von Hamm Young Company and took a lease back which was for the length of the war plus a couple of years or something like that. So we didn't---we got our money from Von Hamm Young Company. And then gave it back to Von Hamm Young Company. And they used it for many years.

WN: Where is this? Kawaiaha'o and . . .

FL: It was at Kawaiaha'o and Cooke Street and Kapi'olani Boulevard. The frontage was on Kapi'olani Boulevard and went down Cooke Street (past) Kawaiaha'o Street. So we gave up the leases or the fee-simple title to all of our properties during the latter part of the war. And then to concentrate on and have the capitol to move to [Pi'ikoi] Street. And then '49 comes

just when we need the capital and we lose \$100,000 because of that strike and not being able to (finance) it. So it was almost devastating to Lewers & Cooke from a financial point of view, and it set us back very, very badly.

WN: Well, you said you didn't get back to your (1941) profit level until (1957). So it took you from 1941 . . .

FL: That's right.

WN: To ('57) to get back to the pre-war level.

FL: That's right. That's right. You're absolutely right.

WN: Okay. So you're over in Pi'ikoi Street and then in '53 your dad retired. And [Lewers] Paris was named president. Was that more of a required retirement or voluntary retirement?

FL: Well, Dad had reached retirement age and then he may have stayed on for a couple of years, I don't recall. And he wanted to get out at that point. And he felt that he carried the (business) through the [Great Depression], the war and (the strike years), and I think Dad began to develop some (signs of) heart problems. And he did eventually die of a heart attack, but I know he was in the hospital a couple of times with heart problems. So he got out, as you say in—what was the date?

WN: I have '53.

FL: He got out in '53. Let's see, I've got that right here. Lewers Paris' first year was 1953. And I would imagine that the changeover must have taken place at about the time of the annual meeting early in the year (or during the previous year). I don't have a record of the exact date and don't recall it, but that was the normal way to do things. So Dad left. Dad's last annual report was (for the year) 1952 and Paris' first annual report was for the year '53. (I was named vice president and was given the responsibility for most everything except financial matters.) And [Paris] was (president) '53, '54, and '55, but Lewers was not a very healthy guy and as stated in the last paragraph of his annual report for the year '55 he says, in the next to the last paragraph, "My health has not been good for some time," and so on. So he has requested that he not be reappointed. And so, I gather it was at that time that I came in because I wrote the next annual report. So the changeover must have come about sometime—Paris' annual report is dated March '56, so I would imagine that I came in as president at about that time.

WN: Did you come on—was Lewers & Cooke getting pretty fairly healthy by that time?

FL: From a profit point of view, (they had begun to increase). In those three years that Lewers had we started to get better, but the net profit—well, it got substantially better from the worst years of the war. But we did make progress during those years but we really never got going until after that. If you look at it from the point of view of dividends paid, the directors didn't feel that things were good enough because they paid actually less dividends during a couple of those years than they paid during the war years. We paid only forty-one cents a share in '53; '54 was forty-one cents; and seventy-three cents in 1955. So apparently we made substantial



improvement in that third year, which was 1955. (This compared to seventy-two cents in 1941. The stockholders finally got one cent more per share than in 1941.)

WN: Was being president of Lewers & Cooke at that time something you wanted to do?

FL: Well, it's what I didn't stay in the East for, when I went to business school. I had opportunities when I finished college in '34 to stay in the East, and the reason I came back was because my uncle, who was treasurer of American Factors, came back and got me aside. About the middle of that year or later in that year he was back there on business and he said, "Fred, business is so bad in Honolulu you may want to stay on here in the East. You've made a lot of friends back here," and so on. "You'll get job offers back here." But he said, "Your father needs you back in Honolulu." And he said, "He's had a lot of problems." And so I sort of felt a responsibility to come back and then when I got back here—as I think we talked earlier—I was kind of gung-ho, I guess, to get things done and get things moving. Because they had been in the [Great] Depression, and everybody was depressed. They hadn't thought of moving forward and so on. And I was coming in as a young guy and I was gung-ho to get things done and I probably stepped on a lot of toes. And I guess I wasn't very popular amongst the guys who were older than I was. And so I remember talking it over with my father one day and he said, "Fred, maybe you better get out of here for a couple of years." (Laughs) After wanting me back and so on. So I thought it over and I went to him and, I think we covered this, but I think I said, "Well, why don't I go back to business school? And will the company give me a leave of absence or the directors give me a leave of absence to go back to business school?" Now I—where were we on your question?

WN: We're back in '56 now and you're taking over as president, and I asked you if it was something you wanted and I guess . . .

FL: Well, then I went back to business school and I had the same situation at the end of business school. My marks at business school were so lousy they didn't give me a degree. (Laughs) Janet and I were going to be married that fall and I had talked it over with her as to where she wanted to live and so on, and I knew that I had these possible opportunities of jobs back in the East. And I said, "But I've also got the possibility of going back to Honolulu." And she said she wanted to move to Honolulu. And so that was what made up my mind to come back. So to answer your question directly, (yes) this was something I wanted. I'd have to say this is something I'd been working for (while I was at business school and) since I got out of business school.

WN: What were your goals like upon taking office in '56?

FL: Well, my goals were really to take this company to a point where it never had been before. Somehow I needed to energize the group to get together. And so I started right away to (continue what I had begun as vice president): to reorganize, move guys around, put people in positions where I thought they would do a better job. (Some of this I started as vice president under Lewers Paris.) We started to do a lot of training, both inside and outside. And we had the short-range objectives and we had the longer-range objectives which involved the (whole business and the) development of the Pi'ikoi Street property. I think I really tried to think of business in a different way and try and think of our job as not being done until we did a excellent job for our stockholders. Because they were the final people that were responsible

(for our source of new capital). If we didn't make enough money to pay our stockholders a reasonable dividend, they weren't going to be willing to put money into us, reinvest money into us. The banks wouldn't lend us money. We weren't going to have the wherewithal to develop as a company, to grow in that area, and eventually to develop the Pi'ikoi Street property itself. And so I felt that we needed right off the bat, a statement of purpose. And I think, I'm not sure that I gave you a copy.

WN: Right, you did, you did.

FL: I did. Well, maybe the easiest way, rather than taking about it would be just slide that into the report. And say that was what I felt my purpose was. I entitled it "Our Purpose at Lewers & Cooke." And I felt the need for this statement in order to try and bring the group together. Now it's largely to some extent, was done because of the union. Again, we had this psychological split within the company. We didn't have a common purpose. They were thinking of their union pay and so forth and so on. It was a piece written to try and show that there were four groups of people that were involved in any company. And I said, "Our job is to bring together a team of four—what I call people groups." There were 700 stockholders at that time. There were 400 Lewers & Cooke people, approximately. There were 500 suppliers we were dealing with. We had to have their *kōkua*. And there were at least 20,000 builder-customers that we (sold to). And we had to organize (these groups) into a team that would bring about a vital balance between the interests of all of these groups. Every one of the groups had an interest in it. And the union guys were thinking only, to a great extent, only of themselves because Rutledge and the union leaders would keep drumming into them, you know, "More money, more money, more money." Well, we couldn't pay them more money till we made more (money if we were to survive and grow.) I felt my job was to get in there and somehow bring about a change, or help, you know, I didn't do this all myself. I mean, I was a coach, sort of. I felt my job was to coach a team to do a job. Another way to put it was I was an orchestra leader to lead a symphony orchestra who were my team that involved the stockholders, the suppliers, the Lewers & Cooke people, and the customers. They were the orchestra and somebody had to be the conductor of the orchestra and I think I sort of filled my job that way. And to achieve this we had to coordinate and balance the interests of each of these four groups of people. And then I brought into that statement the free enterprise system, how it worked. Profit was the measure as to how well we were doing, and that our job was to add value so it made it possible to sell our product at a profit large enough and sufficiently large to pay for the merchandise from our suppliers, to pay the merchandising expenses, to provide job opportunities for Lewers & Cooke people, and to pay the Lewers & Cooke stockholders a return on the value of their property sufficiently large to induce them to put additional funds into Lewers & Cooke. And I said, "Only then can we grow to contribute toward this major purpose of building a better Hawai'i through service to builders." And so what we did at that time was to—with the *kōkua* of my top guys who all went along with me and they all wanted it. They knew the only way they could get ahead was to make more profits too. So we had to try and see what the trends were and so on, and how to adapt to those trends. The building business was going through major, major changes and we were aiming more toward getting into tract development, and we gradually set up a tract development group, which we—later actually became a separate corporation. So we had a merchandise corporation and a tract development corporation. And those were the two corporations that held all of our assets, with the exception of (the thirteen-plus acres of land on Pi'ikoi Street) which we kept up in the top corporation. And so it was the two corporations

that we later traded to U.S. Plywood (for their stock). (This stock would be the source of funds to develop the Pi'ikoi Street property.)

WN: Okay. We're going to get into that merger with U.S. Plywood shortly. Then you are saying, then, that because of this balance of the four people groups that you stated, like unionism tilted the balance a little bit. Sort of made it . . .

FL: It made it very difficult because the community was all split during that whole period of time. A lot of the community had this communism (and socialism) philosophy that now has been disproved. But at that time, they all thought, you know, this might be the way things were going to go. Maybe the United States was going to go communistic. And this is the way some of the labor leaders tried to make out.

WN: I know that—I've been doing some reading—in 1959 there was a strike at Lewers & Cooke.

FL: Yes, we had two or three short strikes. I don't think any of them lasted for more than a couple of weeks. We simply couldn't arrive at a reasonable—what we felt was a reasonable way. And these guys would use tactics that to me—almost killed me. Let me give you an example. We were a member of the [Hawai'i] Employers' Council. We needed that sort of advice to help us and so on. And I remember one—the most memorable union meeting that I ever remember was one night we were discussing wages. We had a negotiating team. And we were at that time—the state had come in. What do they call that?

WN: Mediator.

FL: Mediator. I think his name was Shroat. Wasn't there a young guy, a fellow named Shroat. I think he's died since. Anyway, the mediator was in there. And the union, they had asked if they could bring, oh, as many as ninety guys or a hundred guys to the meeting. And we thought it was a little unusual but we said yes it would be perfectly all right, because we thought and I thought that in discussing these things with them we could get through to them and have them understand at least that there was more than one side to the problem. And that we couldn't pay out more than was coming in. And they had rights, but they had certain responsibilities for those rights. And all during that time was this really, sort of a battle, between rights and responsibilities. And so anyway, we got to a point where it was decided. The union said—well, I guess we had told them that we couldn't pay them the wages that they wanted and that we'd made our final offer and so on.

So they asked if they could leave the room. In other words, we just called a recess. All of us needed to get out to get a little rest at that time. These were meetings that were, you know, they were fairly stressful meetings. And the whole future of the company depended on whether you could get these fellows to be willing to work at a (wage you could pay). And the same way with everybody else. And we were always paying as much or a little more than the other people in town. So they all left the room. And then about fifteen minutes later Rutledge brought them all back into the room. And do you know that every single one of those guys—and there were over eighty of them—came back into the room with a pickaxe handle over his shoulder. They had taken pickaxe handles from Lewers & Cooke, out of our stock, taken them that afternoon. And that night they came in and marched back into the room and everybody with a pickaxe handle over his shoulder. And then they set the pickaxe handles

down (between their legs)—these were all wooden—sat back down in the room. And so we had to face those guys to negotiate from then on with every single guy with a pickaxe handle in front of him. Now this is Rutledge-type tactics. And this shocked me. I talked to the mediator and I said, “I think that we should just adjourn the meeting at this point.” And I said, “I don’t think this is the proper way of (proceeding). These men have rights; they also have certain responsibilities. (Our company as a whole has certain rights; we have certain responsibilities. And I don’t think that this is a proper way to go at this important problem.”)

And he said, “Fred, let me talk to you. You just have to make up your mind that this is the way the unions are acting at this particular point in time.” And he said, “If you do that it’ll probably make things worse. I know how you feel, and you feel that this is a demand against you—you’re being held hostage to pickaxe handles (with an implied threat to use them) if you don’t move in their direction.” But he said, “I think you’d do much better to just ignore it. Not even comment on it. And just go back into the meeting.”

It took me several minutes to do that. So I said, “This guy has had a lot more experience in this sort of thing than I have.” Our attorneys (and our guys) didn’t like it. We always had an attorney there because a legal problem would come up. He didn’t like it. And our guys—all our negotiating team didn’t like it. And I had to take—being responsible—I had to more or less say (to myself), well guys, if this will get us a contract, it’s more important that we have a good contract and win these guys over to do a job than we antagonize them in a way that will make things worse. Now I don’t know whether that brought on one of the strikes that we had, because we couldn’t increase the wages beyond the amount that we had already put down. I just don’t remember. I don’t remember what year that was.

WN: So at negotiation, I’m sure the mediator examines your records and so forth to find out whether . . .

FL: Well, the mediator would go over everything and try and act as a go-between, and try and make suggestions. He’d call a meeting—he’d adjourn a meeting and he’d take one group out and say, “Look, they’ve made this offer, and this offer, and this offer. They can’t go any further. How about you guys modifying yours this way. Maybe that will bring it about.” Or he would take us out and he’d say, “Look, the union has gone and say they have to have this and they have to have that. Why don’t you make a suggestion along this line. Maybe this can bring about getting together.” They were a facilitator to bring about a union agreement. And a lot of them were very capable guys.

WN: Now this is different from arbitration.

FL: That’s right. This is right. We never had an arbitration that I recall. We were always able to arrive at an agreement, but most of them were a little bit more (chuckles) than we thought we ought to go.

On the other hand, one of the major things that I think that helped to change Lewers & Cooke during those years was that I (discussed with) every department head that he was responsible for his part of the business. “Your job is to come up with a set of objectives as to what’s the best thing you can do—the best you can do for the company next year. And this must all be spelled out.” And then every year we had what we called our objectives meeting. And each



one of the department heads would make his presentation. So each one of the other department heads and all of our supervisory staff knew exactly what everybody said they would do the following year. And during the time that they made up these objectives they were in constant touch with me back and forth, you know, as to whether this fitted in with an overall program. But what it did was it put the responsibility to a great extent onto them, and they took the responsibility and said what they could do. And then it was—they having said, "I am going to do this for Lewers & Cooke," it made it important that they meet those objectives. And they liked it, most of them. There were some that hated this and they didn't want to do it. But most of them went along and it changed the whole picture of Lewers & Cooke, and from that time on our profits just started to go up. We had a couple of bad years, but from that time on, why, our profits did a lot better and we were able to do better for all our (people groups, especially the stockholders who had been left behind). And that meant that the banks were more willing to loan us money, insurance companies loaned us money at times.

And so, I think, with (a new vital balance) these guys who were all enthusiastic about this—their future was dependent on it the same way mine was (or) they couldn't move ahead. We put in a profit-sharing plan. Rather than paying it out yearly, we made it part of the pension plan, as an addition—supplemental pension plan—so that they had two pension plans. They had the going pension plan and then they had the profit-sharing pension plan, and so on. And we paid a certain amount into it based on profits. And this was another thought that some—one of the guys brought up—and a good one. And it may have had a definite effect on some of the union guys that, you know, the company isn't all that bad after all. And that unless we produce, how can they move ahead? (So we moved ahead.)

WN: Okay. So when you were president there were a couple of strikes and so forth. Now, coming along to 1965 was when the company merged with U.S. Plywood. What brought on that?

FL: Well, it largely came about through the change in the nature of building business. In other words, I referred to—some time ago—about building up until the wartime was mostly single-family residences. Then you got into duplexes, and you got into small tract developments. Then you got into bigger tract developments, which we joint-ventured with others, and so on. And then a major problem that we had was that the big piece of property that we had at Pi'ikoi Street became a problem for us in that it was too expensive to do just the type of business that we were on. We had to develop that piece of property for (high-rises) or some other development which would properly recognize the value of that property, because that was an (underutilized) resource of the stockholders. And it was perfectly legitimate for them to ask for a return on that resource too. And so the merger into U.S. Plywood (or someone else) was one of the several alternatives that we had been considering over a period of years, as to how to develop Pi'ikoi Street, (and yet still keep and develop the other basic businesses we were in and the future of the people who were in them). Should we move some of the merchandising activities that we had there—which were simply storage or sales—to some other location and use this beautiful piece of property for building multi-story buildings, which we could either sell, rent, lease, and so on? And there were a multitude of alternative ways to develop that property. We had a consultant from Los Angeles. We had our own guys thinking in terms of how we could develop that property. And we had drawings of multi-story buildings, several different types and ways. And in doing that we had to think of how we would move off of the property and where we would go. We bought at one time, I think,

Hawai'i Builders Supply, which Al Hastings had run for years. And he wanted---and he had a lease down on the Kapālama Canal on (Dillingham Boulevard) and the canal frontage there. And we bought that property and took over the lease, thinking in terms of, "This is an alternate merchandising sight," if we wanted to develop the (Pi'ikoi Street) property ourselves. You see, we could take the Pi'ikoi Street property and develop it piece by piece and bring in revenue, and do it over a period of years. Or the other possibility would be to sell it. The other possibility would be to joint-venture it, and so on. But we had to find a way—and I felt it was absolutely important that we be absolutely fair with all of our employees who worked with us for years and years, that they have a future that was as good or maybe better than what we could do with the Pi'ikoi Street property. And so we tried to do it within the company, and find ways of doing it. And there just didn't seem to be a way to work it out. (It involved a huge capital problem.) So then in 1964 the president of U.S. Plywood was down here. And he was in my office and we were talking about various things. And then he sort of asked quite a few questions that were very—I thought, you know, that there was something more back of it. And I figured, maybe U.S. Plywood has an idea that they would like to move into Hawai'i (through us) and that they'd like to take over Lewers & Cooke.

WN: What kind of company was U.S. Plywood?

FL: U.S. Plywood was a very large national company. They made beautiful plywoods, all kinds of plywoods, hardwoods, softwoods, and so on. They were a large manufacturer of glues because glues went with plywood. They were a big company, a profitable company, a very well-run company, a very ethical company, and one that I was interested in talking with the president because I thought, well, here's somebody that might take over the company and would be the type—have the same type of policies that Lewers & Cooke had, and that we wouldn't be making all that much change. In other words, they wouldn't be the kind of guys that would fire people, and so on and so forth. They would build on what we had, and so on. (They saw the future of Hawai'i.)

So it developed that we did have some preliminary discussions in '64 on a potential merger. And we ran into a stumbling block because we felt that the Pi'ikoi Street property was more valuable, and quite a bit more valuable, than they did. And so the negotiations came to a halt at that point, but they still seemed to be interested in the possibility, "Well, is there some way that we can merge all of the operating assets of Lewers & Cooke into U.S. Plywood and in that way not have to take over the property and pay for the property?" We weren't in a legal or corporate setup at that time to have brought about that type of a merger, (but organizationally we were). So we discussed, during the year, that possibility. And so we decided to form two subsidiary corporations. And they were legally formed on December 29, 1964. In other words, it took us most of that year to work out the details of it. And what we decided to do was to put all of the merchandising operations into what we called the Lewers & Cooke Merchandising Corporation. And we put Jim Lovell in as vice president (and manager)—he was already a vice president of Lewers & Cooke—but he became vice president and manager also of the subsidiary corporation. And then we took all of our types of operations and activities that involved land development, tracts, joint ventures, and that sort of things, and we put that into what we called the Lewers & Cooke Development Corporation. And those were the two corporations that held all of the (operating) assets of Lewers & Cooke, Limited, with the exception of the land. See, what we'd done was we took the land

out because Plywood said, "We won't pay you a reasonable price for" what we thought was a reasonable price for it. "But we will consider all of your other assets."

And so that gave us the opportunity to—and for them—to reopen negotiations in 1965, after these corporations were formed, where we could say to them, "Well, let's talk about merging the merchandise corporation and the development corporation into U.S. Plywood. We will take Plywood's stock in payment for it, and then the Lewers & Cooke overall company at the top (owned by the Lewers & Cooke stockholders) will have only two assets. It'll have the land at Pi'ikoi Street," which they did not want to take and did not want to take over the development of that because they said our price was too high. We gave them a short-term—the top company gave them a short-term lease in order for them to move to another location. Now, one of the conditions of the merger was for us, and all of my staff here, to find a location in Honolulu that was satisfactory to them that they could move to. And so we found a big area of property down at the entrance to the [Honolulu International] Airport, just before you get to the airport. And I don't remember how many acres in there, but there must have been over twenty acres in there. It went all the way through from the airport property to the next street on the Diamond Head side, and ran from—well, it was a great big block of land anyway. We couldn't buy the land, we had to lease it because that was all part of the old Damon estate and that had been sold to K. J. Lake and that *hui* that he put together. K. J. was in it and, let's see, there were several other people involved in that. So we leased the land. Well, I guess we presented the problem to U.S. Plywood and worked out with them what a fair lease would be. And so we had their approval and then the merger . . .

## END OF SIDE ONE

## SIDE TWO

WN: You were talking about that piece of land by the airport.

FL: Okay. Plywood insisted, perfectly legitimately, that they couldn't have a merger unless they had a piece of property to move to. So we found the property. We apparently agreed on a satisfactory lease rental. That was negotiated with the owners of the property, and then the merger came about. And I think it was a—in my opinion—I felt was going to be for everybody—myself included—I felt it was going to be a very, very good merger. We were dealing with a company we had done business with for twenty-five years. We knew a lot of the top people. They were honorable, ethical, they had been in business for a long time. So that from the employee point of view, merging all of our employees in these two operating companies, I felt it was going to be a very fair setup. I also felt, from the point of view of the former Lewers & Cooke—which they asked we rename L & C, Limited, or any other name we wanted. They said they had no objection to L & C, Limited and in order to keep the continuity we chose to call it L & C, Limited. And it was then the successor to Lewers & Cooke, Limited. In other words, L & C became the legal successor to Lewers & Cooke, Limited but its assets were very different. The assets were the land and a little bit of cash that was up there, and the Plywood stock that we took in payment for the two operating companies—the merchandise company and the development company. And I felt it was going to be great for everybody. It was going to be great for our stockholders because Plywood

would go up in—gradually, over a period of time would go up in price. It still left the holding company a chance to develop the Pi'ikoi Street property the way they felt best. So we sort of hedged the future of Lewers & Cooke (now L & C, Limited). We were still in the merchandising business through U.S. Plywood.

WN: Which would still be named Lewers & Cooke, (Incorporated, rather than Limited).

FL: The two subsidiary companies asked for the name. They insisted on the name. It was part of the transaction. They said, "We want the Lewers & Cooke name, that's important to us." And so that's why we had to take the L & C, Limited name and couldn't call the whole company Lewers & Cooke, Limited. They did not want to come in and say, "We are U.S. Plywood." They felt it would be a detriment to them, to come in and wipe out Lewers & Cooke, (a name which had) been known for a hundred-and-several years and just put U.S. Plywood right on top of Lewers & Cooke. They felt that the name had value. And so they insisted on it.

So it seemed like a good thing. My top five guys all had five-year contracts with U.S. Plywood that they couldn't break. And we were all in favor of it and, you know, there was some discussion, you know, could some of us get hurt on the whole thing. But in the end everybody came along and we felt it was the best thing for—each of them felt it was the best thing. I remember a couple of guys in my treasurer's office said, "You know, this could be great. One of us might be able to move up from here to a treasurer's job back in New York." And so it gave everybody—all the employees—it gave them—well, I shouldn't say all because a lot of them were going to want to live here—but it gave specific guys who were ambitious and wanted to live on the Mainland a chance to ask for a transfer to U.S. Plywood somewhere on the Mainland, or to go clear back to their main headquarters in New York. So from the employee point of view it seemed fair, and going back to my four people groups, my mission or my purpose and so on—it took care of the stockholder interest. It still took care of all of the companies that we had been buying from, because it was—probably they would buy a little bit more from Plywood, or maybe quite a bit more, but they would still be buying from all the other several hundred companies that we bought from (as U.S. Plywood expanded here). And as I said it was good for the employees, it was good for the stockholders. And I felt that it was very, very good for the community, because we had this union problem, which, you know, we had been able to survive with but it was a constant threat. It's like that night, you know, that night I described—the type of threat and how far Rutledge in some of his other activities went. You know, those activities out at Pearl City Tavern, where his guys, you know, cut tires on cars and smashed radiators and threw various things, and so on. And it doesn't take too much for a leader of his type to get some guys riled up, particularly if they've had a few beers, and that sort of thing. And while he never pulled anything of that type on us at Lewers & Cooke, it was always that threat that something could get out of hand. And so it was my feeling that from the point of view of the stockholders at Lewers & Cooke, they had a small percentage interest in a big nationwide corporation—as a matter of fact it was international to some extent—but at the same time the (L & C) stockholders had the piece of land at Pi'ikoi Street—which they had to develop as they felt best to do (in their interests).

WN: So the decision for the merger was a variety of decisions, one of them being the union situation, another being the desire to fully utilize that Pi'ikoi Street property.



FL: Exactly, and it involved—a great point in it was the whole way that the building industry was changing. (L & C) then had the possibility of developing Pi'ikoi Street to the best maximum use, but Plywood had all of our operating assets to go much, much further into the tract development business in Honolulu. Because whereas we couldn't get capital, U.S. Plywood was a company that was many, many, many times larger than Lewers & Cooke, and they had banking connections, and insurance company connections, and so on, that could get money. And they did. They poured money into Lewers & Cooke. So while I was never privy or had access to how they did during the years after the merger—because I only lasted six months in the merger myself. (Laughs) I'll come to that if you want. (I do know they expanded very substantially, far more than we could have as Lewers & Cooke, Ltd.)

Fortunately all my other guys liked it and stayed on, and did a good job, and took the company to new heights, which we never could have gotten the capital to do. Even though we made more money—and quite a bit more money during the years after my group took over (in 1956)—and we started some of these newer thoughts, and thinking, and training, and various other things and all, we just couldn't have possibly have gotten the capital to do what U.S. Plywood (could do) and that meant that they all had unlimited opportunities for advancement in U.S. Plywood. And the same way with the union guys. They were working for a bigger company, a company that might be able to do more than we could do. So that I felt that it was really a good merger, it fitted our purpose that I've mentioned in every respect. And I felt that it was really going to go places.

But you know, we signed the papers down in Dudley Pratt's office (our attorney). And they sent three of their men down here—their corporate secretary, their financial vice president, the other man I can't remember. They were happy. I remember at the meeting, they said, "Fred, you and your guys have done a wonderful job with this company. You've built it up, and we're very happy with what we've bought and we think that we can take it, with our ability to get capital and so on, we think that we can take this a lot further than you can."

And I said, "Well, that's why I've been willing to do it." And so on. But, do you know what happened? We signed all the papers in Dudley Pratt's office and then I was to take them to the airport. And we hadn't been in the car for five minutes on the way to the airport when this financial vice president, who was the senior one, turned to me and he said, "Fred, we like what you've done." He even told me, "You have done things that we haven't even tried. We think that we can send people down to Lewers & Cooke to learn things that we can use at Plywood." And then he said, "But."

And I thought, oh my god, we've been married for ten minutes and the "buts" have started. And I said, "Well, what do you mean? What are the butts?"

"Well," he said, "You know, you're 5,000 miles away from New York. We feel that you really have had, as president of Lewers & Cooke and all, and these companies, more authority than we feel that you should have under us. And that we feel that we should take some of that authority back." (They had already begun to renege on our understanding.)

And I said, "Well, what do you mean?"

And he said, "Well, number one, you will have no further right to hire anybody at the

\$10,000 level or higher without our authority.” (Yet we had agreed on the organizational charts that we needed additional help at this level. But now I could not hire them without New York’s approval. And then he said, “You have no right to give a raise to any person at the \$10,000 level or higher without our authority.”)

And I thought, my god, how do you run a company 5,000 miles away, and you’ve got guys that have done a terrific job and you want to reward them with a raise and at an appropriate time when they’ve done something, not wait a year, and not have to go back (to New York for) permission to do it, which may take two or three months and might be denied. And I thought, my god, they’re taking away everything that I can do for this company. And then he went on down another list, and the list was about eight or nine things that I couldn’t do. And I thought to myself, my god, what have I done? And I thought to myself, well, you still have done the right thing for your Lewers & Cooke people, you still have done the right thing for the community, you still have done the right thing for all of the people you buy from, your suppliers, and you still have done the right thing for your stockholders. The only guy that you haven’t done the right thing for maybe is yourself. (Laughs) Maybe you aren’t going to be able to take this.

WN: Now what position did you hold after the merger?

FL: At the merger, the way they did it was exactly the way we had it here. I was the president of these subsidiaries, and when we merged it I remained the president and Jim Lovell was the vice president and the manager of one of the companies, and Gibby Rietow was the vice president and the manager of the other. And the treasurer was the same way. Let’s see, I think Hal Hocking was the treasurer. He was the secretary-treasurer of both of the subsidiary companies. And all the other officers stayed the same too—the assistant treasurers remained the same, the secretary remained the same, and so forth and so on. And (at L & C, Ltd.) we kept Jim Lovell as a vice president, and Gibby Rietow was the vice president and Hal Hocking was the treasurer. And we, I think, took one of the fellows from our legal office and made him the corporate secretary of L & C, Limited, so that we’d have a very close relationship with our attorneys on that part locally. And so the officer setup stayed the same for the three corporations, with the exception of bringing a—I think—I’d have to go through the papers to find out. I can’t remember now which one it is. So that the directors of L & C, Limited, formerly Lewers & Cooke, all stayed the same. There was no change there. But they were now directors of a piece of property—Pi’ikoi Street property—and were responsible for the development of that. And they had this number of how many thousand shares there were of U.S. Plywood stock which we took in exchange for the assets of these two corporations. (U.S. Plywood did change the directors of the subsidiary companies they had bought. I was still president, but all my directors were now U.S. Plywood officers.)

WN: Okay. So you—they gave you the list of demands . . .

FL: They gave me the list of things and I was shocked. I can tell you I was shocked, because I said to myself, my god, how can I operate this? How can I bring about the same enthusiasm, and maintain the same enthusiasm, and help these guys grow if I’ve got to get approval of everything that I do from New York? And so, god, I was really sick. I think I darned near puked. It was such a shock. But there wasn’t anything I could do. And I knew, as I said before our break, that I’d done the right thing for everybody, and that I was the only guy that

was going to (possibly) get hurt if I couldn't stand it.

And so the first step, everything went well. Their president came down. We had him at a meeting and he talked to us about the merger, what they wanted to do for us. He was a very soft-spoken, gentlemanly guy and made a good impression. And the others—the other people that they sent down—were all capable people. And again, so from the point of view of everybody but me, I don't think there were any great fears developed or any, you know, any anxiety over the whole thing. On the other hand, I can tell you I was kind of. . . . (Laughs) My anxiety level went up.

But I said to myself, well, they want me to come back and discuss this whole thing with the company, with U.S. Plywood. And so we settled on June, and I went back in June and they were just nice as hell to me. They had a meeting in one of their big meeting rooms—there must have been fifty or more guys in there—and they asked me to explain the whole of the Lewers & Cooke operation. We asked questions back and forth. We must have had a two- or three-hour meeting—very friendly, everything else. No problems at all, except, in the negotiations I had told them that seeing they were considering, and probably would increase our capital by several millions of dollars, that I didn't feel that I had the full staff of people that were capable of handling that increase in business that rapidly. And so we had agreed, I thought, to an organization chart—which I do not have a copy of. But it had the places for the addition of three to four new people at a relatively high level where we did not feel that we had somebody on the staff of these two corporations that was capable of moving up that rapidly, and so on. So one of the things that I found out when I got back there was that they, in a sense had—I felt—changed their mind on that agreement.

They practically said that they didn't have anybody at that time that they could send down. And I felt at that time that I needed at least one. If we'd lost somebody or somebody had retired and so on, and I just didn't have—I felt—the right person for the job, particularly if we were going to expand. And so I left the meeting—I was there for I guess a week. And they were very happy with what we were doing. We had set up objectives for the year that were considerably, I think, greater than the year before, and we were well on the way toward meeting all of those objectives. So they were happy. In other words, we were meeting their (1965) profit plan. And they had, as I remember, no complaints. We were beginning to exchange people back and forth. We would send people back there to see what they were doing, and so on, and sort of try and integrate the merchandise company and the tract development company, so they got a better understanding of it back there and we got a better understanding here of what we might be able to buy in the way of merchandise from them.

But I came away with a very—I don't know just quite the word to use but. . . . The feeling that this merger was not going to work out as far as I was concerned. From this point of view: they were treating me perfectly all right. I had no complaint about salary or anything. I had signed an agreement with them and they kept me on the same salary and everything else. And, you know, they discussed that there would be probably salary increases and so on. So I had no complaints along that line at all.

Also we discussed—I've got to throw in a little thing here but bring me back to this again. We also had an agreement that these same officers here were officers of the holding company (L & C, Ltd.) at the top. Now this was a very unusual situation because they were working

for an entirely different group of stockholders. They weren't working for Plywood stockholders, you see, in the (L & C, Ltd.) corporations here, but they were also officers up here. And we'd worked out an agreement—all verbal but very satisfactory, and satisfactory back there—that I would spend not more than a certain amount of time on the other and that any time that I spent on the top company, and any time my officers spent on that, would be deducted and transferred. In other words, they would be given a credit and those expenses be paid for by the L & C, Limited. So L & C, Limited paid them—I've forgotten how often we settled up on this sort of thing and so on. And this went on, and as I say, everything was satisfactory on our discussions about that in June. But they would not do anything about these (new people to be in the U.S. Plywood subsidiaries). So at this point I came back here and I talked to several people on the outside whom I had confidence in—business people. And I said, "How do we go about trying to convince them that we need some more help down here, that we can't develop quickly within our own organization?" And so we came up with this idea that I would hire the firm of Heidrick & Struggles, who are—the term is headhunters, who, you know, look for people. It's a horrible name but it—what it means is they go around and look for capable people in other organizations and then you take them out and (hire) them. They kept telling me when I was back there in June that they would be able to give us the people we needed when we needed them, that they were going to make the decision. And I had the feeling that I needed them now. So I thought, well, I'll have Heidrick & Struggles go back and see if there are people back there that they have that are surplus or could be made surplus that could fit down here to do the job.

And Heidrick & Struggles came back to me and said, "Fred, you got a hell of a problem on your hands. They don't have enough people back there really to do the job that we think that they should be doing in certain areas." And so he said, "You're chance of getting somebody to fill the one job, let alone any others that you feel you have a tentative agreement on, you're just out of luck." And so I left that meeting feeling pretty blue because I felt this way—and, you know, maybe I was wrong on this. But as I think back I feel I was right. I had been president of this whole ball of wax—all three of these companies and so on—and was still president and had the probability of continuing to be president of L & C, Limited, but I felt that I was not going to be able—without this additional help—and some of my top guys felt the same way—unless we could get some more very capable help in. Because they were going to start to pour money in here. I never knew for sure but I understand that the amount of capital they put in was several millions of dollars, which made Lewers & Cooke, or these operating companies, maybe two (or more) times as big when you considered the amount of money they were borrowing plus the amount of capital they had. And so that's why I felt it was important that we get these extra people in and start melding them into the organization. Because I didn't want to fail. I felt that if I didn't have this extra help, even though I had very capable top people and very capable layers in there, I didn't have really the total capacity of people that I wanted. If one should leave—supposing one died in an auto accident? Or supposing somebody died on the plane between here and (New York), because we were going back and forth a lot? And some of my men were very capable and they might be offered a job that was better than Plywood would pay them, (or Plywood would take one of them).

And so then I was in a hell of a fix. And having had the Lowrey name connected with the company since my grandfather (became president around 1900). You know, a head of a company can't do everything, he's completely dependent on the team he puts together. And they weren't letting me have the type of guy on the team that I felt I needed. And so I came



away pretty blue. And I came back and I reported to a person on the West Coast on most of the things, which was a good relationship and I'd known him for twenty-five years, and we were good friends. And so I took up this matter with him. I said, "I just feel that we aren't going to be successful. I think it could have a negative effect on you, if we aren't successful." (U.S. Plywood did liquidate the Lewers & Cooke companies in 1978, twelve years later. They had merged with Champion Paper Co. around 1966-67 and Champion came out on top.)

And of course he was pretty busy with all of the things that he had, and so it went on and on and on. And then I requested that I go back and see them in November. And so I went back again, and again we had very, very good meetings—very friendly. They even invited me to their executive committee meetings of U.S. Plywood. So I sat in while I was there, on the executive committee of the U.S. Plywood Corporation, with all of their top officers. And they were discussing a merger with another very large company. As a matter of fact, it was larger than they, but not one that they did merge with later. And they even asked me what I thought about the merger. And I said, "Well," I won't mention the name because they never merged with them. But I said, "This company has the type of products that are very different and are sold a different way, have to be inventoried differently," and I said, "If you merge with them I don't know that you'll get the economies of the merger as much as you've indicated." Well, they didn't—I don't think they liked this necessarily. Anyway, they never merged with this company. So the afternoon that I was to leave I had quite a long meeting with the president of the company in his office and I said, "I'm very, very upset about one aspect of this whole thing. Everything else seems to be going along beautifully." And I said, "The marriage of the companies, everything is going well, except I am very unhappy. I feel that you will not be able to accomplish what you want in this merger unless you let me get this additional capability that we need and we haven't been able to develop because of the way you're expanding." I said, "Supposing we lose Jim Lovell or Gibby Rietow? They're (traveling) back and forth. Supposing we lose one or more of the key guys right under them?"

And he turned to me after thinking for a minute and he said, "Fred, in a corporation the size of U.S. Plywood, we cannot worry about things like this."

And I thought to myself, my god, I already know from Heidrick & Struggles that you don't have the capability of people that are free that you can send to me now. This was one of the best-known headhunting companies in the United States. And so I knew that, and he then tells me, "We don't worry about things like that." Who was going to be the one to worry? It was me, because I wouldn't have the staff—and I couldn't get them (without their approval)—and I knew I couldn't make this company profitable (in the long run with the manifold changes on this business). And that meant (the high probability of) failure. And I said (to myself) that I cannot put myself in a situation where I fail in Honolulu as a third generation in this company. I didn't tell him this—this was what was going through my mind as I was there. But I didn't say anything to him about it, because I thought it was (at the time) inappropriate. In other words, I didn't want to turn my resignation in at that point, but I did alert him to my very deep concern about (how I felt about his expansion plans for his Lewers & Cooke companies in Hawai'i).

Well, I got on the plane later that afternoon and was going to meet my daughter in

Minneapolis and have Thanksgiving with her the next day. And I just made up my mind on that trip—two-hour trip or whatever it was—look, you’ve just got to get out and resign. It’s just more than you can take, to be put into a situation like this. And so, you know, maybe I was wrong. But I wasn’t hurting any of my guys. I wasn’t hurting any of the objectives we tried to meet. In a sense it gave Jim Lovell a greater opportunity, it gave Gibby Rietow a greater opportunity. It gave my guys a greater opportunity if they could meet these objectives and meet the profit objectives and the profit plan that U.S. Plywood imposed on them, or you know, put on them every year. So I came back a very, very changed guy. On the other hand, I was still president of L & C, Limited, the holding company that owned the Pi’ikoi Street property.

WN: That [Pi’ikoi Street property] had nothing to do with U.S. Plywood.

FL: Had absolutely nothing to do with Plywood, had no say in it. It was separate corporations, completely divorced. And so I felt pretty sure that the directors of L & C, Limited, the holding company, would want me to stay on and run that, at least for a while. And it was just a difference of opinion, legitimate. Just two different ways of thinking about (a problem). And it was probably, maybe my own weakness that I felt this way about it. I’d put together a team that had done a commendable job of moving those other companies forward (and that they could do the job without me or with someone sent down from U.S. Plywood).

WN: So you’re saying that you didn’t want to fail, but by getting out you satisfy your own goals personally as well as saving the company.

FL: I felt that the (L & C) directors—if I did resign—that the directors would (give me the opportunity) as president of L & C, Limited. And so I talked to the (U.S. Plywood West Coast manager, the) person I reported to in Los Angeles and told him that I felt that I should get out, and that it would be better for the company to put their own person in down here (in order to see the local problems and get better coordination). And then it would go along more smoothly and they could do the things the way they wanted. And I told them that I felt that, really, in my opinion they were making a mistake in not bringing in some more help here but if that’s the way they felt—legitimately—and maybe they were right—probably right—then it was just better for me to just ease out of the picture and let them do it the way they wanted. So I (orally) let him know that I was going to turn my resignation in but told him that I would gear it to a time that was convenient with them.

And he said, “I’m going to be going on an extended trip, would you put it off for a month or two?”

And I said, “Sure. No problem about that.” (The top brass) was coming down here, and the president of the company was coming down and bringing the others and to go over what our (1966) projections were going to be. (And with him as well as the president there was no give on getting any additional help. And they didn’t seem to be concerned over my leaving. So I felt maybe they were right; but my feelings also were that in the longer run this wasn’t going to work out well.) And so we agreed on the time, agreed on the meetings here. So when they came down here it gave me a chance to discuss everything with the president of the company and the others. And I told them that I had made up my mind, that in view of the way that they felt about it versus the way I felt about it, that I felt that I should just ease out. And I

would do it on whatever basis they wanted. Now, I had this five-year contract and I said, "Under the contract, I would feel that obviously you don't owe me anything, if I'm leaving. On the other hand, I don't feel that seeing you have not been willing to do the things (that you agreed to do) the way I feel they need to be done, I don't feel that I owe you anything." So we parted (amicably). And they elected their own (West Coast manager in) at that time (in 1966 as president of their two Lewers & Cooke subsidiaries). (All of our people knew him and liked him, so it made for a natural and smooth transfer to Plywood. I thought things would work out well with him as president, a Plywood president in Honolulu as a logical intermediary. He also would experience what I had been trying to convey.)

END OF SIDE TWO

TAPE NO. 22-15-3-92; SIDE ONE

WN: Okay. Well it must have been very difficult for something that's been in the family for so long—I was wondering if your father was still around and what his feelings were on all this.

FL: (There always has been a belief that the Lowrey family had a large part of the ownership of Lewers & Cooke. This has not been true since the 1920s when my grandfather sold off a substantial part of his interest to younger men, including Phillip E. Spalding and my father. So, we played a role in management, but not a large one in ownership.)

(I talked over my decision to resign from Plywood with my directors and my father, feeling as I have indicated that they were going to assume most of the real top management in New York City and the West Coast. So, feeling that our Lewers & Cooke people would have better opportunities with them, I felt it better for me to quietly leave. My directors and my father agreed.)

(I was given my chance to accept their terms. It was my decision. They were changing the spirit of the agreed relationship toward Lewers & Cooke and me and I just decided I would not be able to work with them. After all, Pi'ikoi Street and L & C, Ltd. were a very major responsibility and an important challenge, too. L & C, Limited's profitable development fascinated me, too.)

WN: Before you quit being president. You told me a story about what Hung Wai Ching told you. You were walking Downtown, can you tell me that?

FL: Yeah, sure. (Laughs) This happened immediately after the merger of the two—the merchandise corporation and the development company into Plywood, and the fact that L & C Limited had kept the (Pi'ikoi Street) land. And I was walking along Merchant Street, and I can remember it just as clear as it happened. And I was on the *mauka* side, walking back, walking along, and Hung Wai was on the other side. And he hailed me across the street. He said, "Hey F.P.! I want to talk to you." And so we both started walking across the street. And he put out his hand to me and he said, "F.P., you one goddamn good *Pake*!" (Laughs) What he was saying was, you kept the land, the most valuable asset. And, you know, in the mind of the Oriental people land is the most valuable thing. And we thought so too. It's why

we wouldn't let the land go to Plywood, because we felt that they wouldn't pay us enough for it. But when he said this to me we just laughed and laughed. And I took it as a great compliment because he was telling me, "Look, you guys used your head and kept the land which is your most valuable asset, and you didn't let it go." And my directors felt the same way, (too, and the stock market did, too). (The price of L & C shares increased significantly.)

WN: Where did you---where did the L & C, Limited operate? Still at 404 Pi'ikoi?

FL: Well, yeah. For about a year, until (Plywood) got their (airport) building built, they were still in the (Pi'ikoi Street) building. So I of course moved out of my office and they were good enough to let me have an office, seeing (L & C) owned the building and were leasing it to them. I was in the building and I had a secretary there, but had no relationship with the Lewers & Cooke subordinate (operating) companies. In other words, I had of course resigned from the subordinate (Plywood) companies, but stayed on as president of L & C, Limited, now a holding company.

WN: I see.

FL: And so I kept an office down at 404 Pi'ikoi Street. I only had a token staff. I had one secretary and then I would hire the consultive help (here or on the Mainland) that we needed. And I had an architectural group that was working on developing plans for the property, if we (could find the means to) develop it ourselves (and show to potentially interested people). (It was an interesting complicated assignment in all sorts of ways. We felt there were all kinds of potential ways to develop the value of the property. We were at this point two years ahead of even thinking that the Dillingham Corporation might want L & C's assets, i.e., land and cash. We considered the possibility of converting L & C, Ltd. into a real estate investment trust which had certain tax advantages in paying out dividends, but we could find no way to bring in sufficient income. All we had was an indefinite short-term lease with Plywood which might run to June 1969, but probably would be much shorter because they were underway on building a new modern plant near the airport. And we would have had to effectuate a sale of the Plywood stock and buy a strategic income-producing property to qualify as a real estate development trust. We had become a closed-end investment company at the time of the formation of the subsidiaries which meant we had to operate somewhat differently, legally and tax-wise.)

(Dillingham Corporation's condo at 1350 Ala Moana began in September 1966. Most of the apartments were pre-sold, so we knew that there was a demand for condos in this area. But we were at that time limited by the short-term lease to U.S. Plywood. Plans were begun of possible types of buildings for the whole of the Pi'ikoi property. Many alternatives were possible.)

(U.S. Plywood in joint venture with a group of their contractors made a study and an offer for L & C, Ltd. at one point, but their price was low. In January 1967—to diversify our holding in Plywood—we sold 68,000 shares and invested it in CDs [certificates of deposit] to bring in about 5-1/2 percent interest.)

(On January 20, 1967 Plywood merged with the Champion Paper Co. expecting to become the dominant corporation, but it turned out otherwise. Champion became dominant. In my L



& C mid-year report dated August 11, 1967 we noted that we had then sold by that time 79 percent of the Plywood-Champion stock, converting the stock to short-term instruments, making L & C and its land more attractive for merger at a time when money for development was not only scarce but costly.)

(An appraisal done by capable Mainland appraisers indicated that the value of L & C would rise substantially as soon as Plywood moved off the property and gave up their short-term lease. All these studies were done to show investors and developers that the L & C property had considerably higher and increasing values for apartments or a large hotel fronting Pi'ikoi Street with easy shuttle access to Ala Moana beach and park. The land stood on L & C books from 1938 at \$371,000. We estimated the immediate future value of \$9,000,000. Our appraisals indicated an increase in value of maybe 7 percent per year. L & C had the only large parcel available in fee simple for merger, purchase, or joint venture, etc.)

(Our sales and development effort since early 1966 was beginning to pay off. We were beginning to get numerous inquiries and were approaching people we might be interested in developing with. In September of 1967, I approached Lowell Dillingham and in November we wrote to the stockholders of their offer of merger of L & C into Dillingham. Our stockholders agreed and the merger took place in March 1968.)

(Dillingham would now continue the work we had begun: to develop the Pi'ikoi property which had now grown in size from fourteen-plus acres to seventeen-plus acres with frontage of 300 feet on Ala Moana Boulevard. It was a tax-free exchange. We had increased the value of L & C stock from three to four dollars in 1956—when I was elected president—to eighteen to twenty-six dollars in 1965, at the time of the Plywood merge, to about forty-one dollars per share with the Dillingham Corporation merger in early 1968. We accepted the Dillingham Corporation merger for many reasons. The directors and the stockholders felt we had done a good job and Dillingham Corporation was a growth situation. It split two for one in 1969. L & C, Ltd. and the former Lewers & Cooke stockholders were now Dillingham Corporation stockholders in a growing company.)

(The seventeen-plus acres of land was the Dillingham's to develop. They apparently had other plans and the property was not developed by them and was sold to the Nauru Trust when Dillingham Corporation later liquidated. Nauru in 1992 is finishing its first forty-four story tower on the Ala Moana parcel and has cleared the *mauka* parcel fronting Pi'ikoi Street for its second tower as of May 1992).

WN: So why did you decide not to develop it yourselves?

FL: This was (a) hard decision for me to make because I knew I was going to merge myself out of a job if we merged with Dillingham, because I didn't belong at Dillingham. There wasn't anything I could contribute over there. (They had a capable development department.) So I wanted to try and see if we could continue to develop the L & C property, because that meant (the fun of building a valuable property). But I ran into problems where (we) just didn't meet the (stockholders') objectives that I felt I had to meet. Namely, that we had to find some way of taking care of (the best interests) of our stockholders. There were very many anxious (times) because there were a lot of Mainland companies—big Mainland companies, wealthy Mainland companies—who wanted land in Honolulu (and the approximately \$10 million of

cash). And all they had to do was look at our balance sheet and they saw two assets. (Fourteen and later seventeen acres) of land in Honolulu in a beautiful location, right across the street from the biggest shopping center, I think, in the United States at that point. And, in addition to that, was cash. So if I didn't bring about a (good) merger, and get my stockholders a tax-free exchange, I was not doing my job fairly to the stockholders. Because the company that came along might have offered cash and(/or bonds and) these poor stockholders who had costs of two and three dollars a share would have had to pay the difference between two and forty dollars in capital gains. And there were a lot of old-time stockholders. Furthermore, there was the problem—a major problem—that a lot of these stockholders were living off of Lewers & Cooke stock. They had fairly significant blocks, as far as their income went. We were paying relatively good dividends and they were increasing gradually each year. And so if a Mainland company bypassed (management) and just made an offer directly to the stockholders and the stockholders took it up, then all these (other) stockholders who had this low cost (might be maneuvered out). Or made an offer in bonds, or made an offer in non—in a taxable instrument—in a taxable vehicle. Then they—they I was putting a large block of my stockholders in a very awkward (financial) position. So I felt it was my responsibility to get the highest—if I could get a price on a tax-free exchange, that was equivalent to the price that one of these other companies would give that would be taxable, I was doing my (best for the) stockholders. And during this time there were several companies that were—well, we were being looked at by lots of companies. As a matter of fact, to work out the Dillingham merger (we) came to the point where (we were) sure that a very large company on the Mainland was going to offer something around this forty dollars (per share) level. But (we) knew—they probably would offer it in bonds of that company or some type of taxable (instrument). So I felt that in the best interests of the community and the best interest of the stockholders, that I should talk this matter over with Lowell. He was the director and would have heard about it when it came up at the meeting. And so I went over to see Lowell and I said, "Lowell, I'm at the end of my rope. I can't (be sure of holding L & C) together any longer. If you feel you want the seventeen acres of property (to protect your development plans) I think you should (consider) an offer to the (L & C) stockholders."

I told him that it was my feeling that I would be ready to recommend a tax-free exchange of Dillingham stock for L & C stock, providing it was within shooting range of what the best offer that we could get from somebody else was. And so within a matter of ten days or two weeks, Lowell came back with this offer. (Lowell could see L & C could be raided by a powerful Mainland competitor and he would have problems.) And the directors decided that it was a fair offer and recommended it to the stockholders. And as soon as that information came out these other people backed away. And I think that what (L & C stockholders) got for their stock—the dividend that they got, which would—with the preferred dividend plus the common dividend that Dillingham paid—the stockholders got quite a big increase in income from what we had been paying. So again, it was a—it seemed to me that, we had been able—the whole team that we put together of architects and other people and so on, to try and work out what we could do in the way of developing it as against the others—I felt that this was the best deal. Because if we didn't (put it into stronger hands) we had the possibility of having a vulture come in and grab off the stock, or a big chunk of stock, and foul up (any chance of a tax-free move). And (it turned out lucky for the) stockholder, Dillingham stock almost doubled in the first year, (1968). Dillingham split its stock two for one the following year, (1969) and so (comparisons) get a little bit of complicated (thereafter), I think, turned out as a good deal for the Lewers & Cooke stockholders—(now an) L & C stockholder. (So

to answer your question—we did not have the power to assure continued development and we were constantly at risk of being taken over by some company many stockholders would not want.)

WN: Well, the stockholders were the last of the four people groups that you had to deal with . . .

FL: That's right. (It was good too for the community having the land in good local hands here. Of course, that later changed.)

In other words, (Dillingham Corporation received) all of the assets of L & C, Limited and the only assets that L & C had were land—which, by the way, had been added to. While we were (still) L & C, Limited we had the opportunity to pick up this piece of (adjacent) land (in 1967, about four acres), where the first Nauru Trust building has just been built (on Ala Moana). This made the (L & C) piece of property T-shaped (with frontage on Ala Moana with this purchase). (Many more people began to see the potential value of this seventeen-plus-acre fee-simple parcel—the Dillinghams included.) We (worked on this as opportunities arose and felt this four-acre addition) would make the *mauka* fourteen acres more valuable (if we controlled) this frontage on Ala Moana Boulevard (and access from Ala Moana). (This is just what Nauru Trust has done in 1991–92).

WN: I see.

FL: And Chinn Ho owned that piece of property. (We bought it from Chinn Ho or one of his companies. I negotiated with Chinn for the purchase.)

WN: Is that where 1350 Ala Moana is? The condo?

FL: (No, it is adjacent on the 'Ewa side of the Dillingham Corporation condo. The condo [i.e., 1350 Ala Moana] was a Dillingham development. Their former head office had been on this corner parcel and their condo added substantially to Dillingham Corporation's assets and profit.)

WN: Oh, okay, okay. Right on the corner.

FL: (The Dillingham Corporation condo is on Pi'ikoi and Ala Moana, and the 1992 Nauru Trust condo is adjacent on the 'Ewa side fronting Ala Moana. The 1992 Nauru condo is on the parcel we bought from Chinn Ho.)

WN: And you folks were (just 'Ewa of Dillingham Corporation's—just 'Ewa beyond) the corner of Pi'ikoi and Ala Moana.

FL: (L & C) owned 500-plus feet of frontage on Pi'ikoi Street and then the property went back ('Ewa) about 1,200 feet, (with Waimanu Street being our *mauka* boundary. The *mauka-makai* depth varied.)

WN: Right. All the way to—almost to Kamake'e Street.

FL: Correct.

WN: I see. Okay. And then the newly-acquired property was more toward Ala Moana Boulevard.

FL: Yes---it went (*makai*) from our (*mauka*) property right down to Ala Moana (giving all the *mauka* fourteen-plus acres frontage to Ala Moana and to Ala Moana traffic).

WN: I see.

FL: So (our purchase of this *makai* four-acre parcel just 'Ewa of 1350) gave the (fourteen-plus) acres—in our opinion, a lot more value because we had the 300 feet frontage on Ala Moana (in addition to the Pi'ikoi frontage and the total size of the whole parcel made a bigger development project valuable and possible).

WN: I see. So in '68 then, it was—the entire L & C was merged with Dillingham Corporation. So now Dillingham (took possession of all your seventeen-plus acres of land and stock and cash at the time of the merger)?

FL: That is correct. (A possible explanation of Dillingham's changing and growing interest in the L & C property was its size and proximity to the Dillingham Corporation [i.e., Ala Moana] Shopping Center. They did not want an adverse competitor across the street, and so Dillingham bought it up. And so I had tried to develop the parcel within L & C, Ltd., but for a lot of reasons, primarily uncontrollable raiding because of the number and diversity of the L & C stockholders, could not work it out for the benefit of the stockholders. The Dillingham Corporation offer was a good one.) For me, I was this time really out of a job.

(Laughter)

WN: Yeah. So that was your official retirement.

FL: Yeah.

WN: In '68.

FL: (I felt this was a good, fair deal the way it was worked out for our stockholders.)

WN: So there was a Lewers & Cooke down by the airport.

FL: (Yes, it was made up of) Lewers & Cooke Development Corporation and Lewers & Cooke Merchandising Corporation, (the companies and operations Plywood had bought) were now located at the airport, on something over twenty acres of land which had been leased by U.S. Plywood, or by the corporations backed up by U.S. Plywood. And that was where U.S. Plywood (Champion Paper) operated until that date that I gave—(liquidation date, about) 1978—they operated down there. (I was not privy to their operations except through the newspapers and hearsay. Seeing some of the joint ventures they participated in; Plywood and later Champion must have been quite generous with the capital they put into Hawai'i and made substantial profits in some years, but I have no solid knowledge of their operations or why they decided around 1978 to cut back on their Hawai'i operations.)

WN: Okay. Well, you know, you were a pretty young man still when you retired, weren't you?



You were still in your fifties I think.

FL: I was fifty-seven. (But these had been two tough years, many Mainland trips. Many vulture-types to hold off, but many very interesting people who considered the potential of the L & C assets and their development. I had serious talks with several interested companies who were merger candidates. I think it would be inappropriate to name them. But I was "pooped out." I needed some rest or change for a while. When you run a complicated development like this with no major assistant, you get no vacation and the constant raiding problems were very difficult.)

WN: Fifty-seven.

FL: Yeah. Well, that's right. It was too early and I had expected (in time) to get back into some other business. (But) I was still a director of several (major) corporations in town. And I was still a director of several charitable organizations. So I had (several very interesting corporate and community jobs to work on).

(Also, Janet and I had not done much traveling except for trips to Japan in 1961 and Australia in 1964 with the Chamber of Commerce, and back to Plymouth in the summers to see all her former eastern friends and family. So I had thought, here [1968] is an opportunity to get a change from a tough three years of the Plywood and L & C-Dillingham mergers. But a series of misfortunes hit us ending in 1973 in Janet's death. In 1968, she fell and broke her hip. No trip. In early '69, I was operated on for a clogged artery in the neck. A stroke developed, affecting my right side and the loss of my voice for over six months. I got Janet to take a trip with our youngest daughter back to see her friends and family in Plymouth while I recuperated during the rest of 1969 and early 1970. Later in 1970, the real tragedy of our life began. She knew something was not right with her, I could see subtle changes and the doctors knew something was not right, but we had no CAT scans in those days.)

(It turned out to be a massive eighth nerve brain tumor, to which her body adapted until an accidental body-surfing accident disturbed the brain, allowing an accurate diagnosis. She was operated on by the best at the Huntington Memorial Hospital in Pasadena in early April 1973, but her body could not handle the void of the removal of the tumor. Nothing went right and we lost her in August 1973.)

(In November and December 1972, before the accident, when she was still in good health for all we knew, we did get in a Mainland trip back East again for Thanksgiving. We spent time with her family in Boston and down in Plymouth seeing her mother and three brothers and their families, as well as the many friends and classmates. She had gone to Vassar and spent her summers with the whole family, grandparents and all, in Plymouth. The trips worked out well, she enjoyed many happy reunions.)

(We saw our youngest daughter, who had been married that summer [1972] and was finishing college in the East with her husband. We returned to Honolulu before Christmas after seeing our other three daughters and three grandchildren on the Mainland, where they all lived and still do.)

(On the trip, little did we know of what was to begin in February 1973 and the post-operative

series of critical problems which continued on until her death in August at only fifty-eight [years old], just when life was to begin.)

(Now, coming back to my early retirement. My stroke in early 1969 and Janet's illness put off any thought of any full-time job during those years and I am glad that I spent them with her. What happened to my life in 1973 changed everything. I had drawn back, but continued some directorships and community activities. I felt I had been fortunate in being offered community and corporate jobs at a young age, so why not do the same now. Ease out of positions slowly and make it possible for younger people to have the opportunity I had had when I began.)

(During the war years getting the kids back and forth to school became more and more of a problem, particularly with differing after-school activities. So I asked a real estate broker to look for a house for us near Punahou School. They found one on Rocky Hill at 2030 Kākela Drive. The location was perfect; we did over the house to fit our needs and of our five children. Janet hated to leave Maunalani Heights, but the advantages of the children being able to walk to and from school simplified family life very considerably. She grew to like Rocky Hill with its Mānoa breeze and view of the valley more and more and became very happy with the change. Sometime later we were able to pick up an old quonset on the ocean at Mākaha. It was a mess when we got it; but together we all worked on it weekends and it became her favorite. Friday afternoon she would fill the station wagon with food, dogs, kids and their friends and we would be off to 'Ūpena Street in Mākaha for the weekend. It was a great place to entertain and relax and keep adding to our needs there. We kept everything very simple but comfortable. It was great relaxation and exercise for us over the weekends and vacations.)

(After Janet's death in 1973 and after the youngest daughter returned from college and found her own place; I sold Kākela and moved in 1977 to 700 Richards Street, Harbor Towers, which was conveniently close to my remaining business activities and I had a downtown parking space. I sold this after ten years in 1987 and moved to 1434 Punahou Street.)

WN: Is there still a Lewers & Cooke today?

FL: There's no Lewers & Cooke (corporate organization today that I know of).

WN: Not at all?

FL: It's gone. It (was closed down around 1978 by Champion Paper).

WN: There's something in the phone book now.

FL: Hm?

WN: You look it up in the phone book, there's still something.

FL: (If there is), I'll tell you what it is, then. There's a young attorney here by the name of Hulton. (They had tried to) liquidate everything (but they had) certain properties, certain tract developments that still had some life (or unmet commitments in them). They kept (Hulton)

who had been working for the development company. They kept him on. And I think they finally made some arrangements with him to carry it on. And so maybe the Lewers & Cooke name is in the telephone book today (as a reference to Champion's operations and as an access number to reach Mr. Hulton).

WN: It is in there. It's under (Lewers & Cooke). It's just got an office—suite something, you know what I mean?

FL: Check. What it amounts to is the company, Lewers & Cooke was (substantially closed down). That I know. Because—if you want a little interesting story here on it, as to how I know—I know it was liquidated because of the newspaper, but there were two paintings of two sailing vessels of Lewers & Cooke. There's one on the wall there, and there's one behind you. And I'd seen these paintings since I was, you know, old enough to remember them. And I'd always loved these two paintings. They were done by a Mr. Coulter, who was a very prominent marine artist way back in 1889 and 1891. So they're both now a hundred years old. And I had told (Champion) that I wanted these paintings (if they were ever going to give them up). And I got this telephone call one day, the president said, "We're going through the final liquidation of the company. You told me at one time that you'd like to have first crack at the paintings."

And I said, "I feel that way. Let me know what your price is on them and if I can handle it, I'll buy them." Well, I got the price, it really knocked me over.

(Laughter)

FL: But I said, "Damn it, I want those paintings." So I bought them. I didn't argue with them on the price of the two paintings, but there were actually three. The third painting was a painting of the schooner *Commodore*, which the company had bought in the early twenties, and then had sold (it) sometime in the early thirties, because it was no longer a profitable venture to bring lumber in by sailing vessel. Your lumber came in (one and one-half) million feet quantities, (about) four times a year, because that's the total number of trips a sailing vessel could make. And that meant your inventory went up—skyrocketed four times a year and then dropped way down and skyrocketed again. You never knew when the inventory was coming. The trip would take as few as nineteen days to as long as forty days to make the trip south. So you never knew when it was coming. I made one trip on the *Commodore*. It took thirty-three days and the only reason it wasn't thirty-five, thirty-six, or thirty-seven was they needed the lumber that we had aboard, not me. (We were becalmed off Kalaupapa.)

(Laughter)

FL: And they sent the tug clear to Kalaupapa, off Moloka'i, to pick us up and tow us in.

(Laughter)

FL: And so the trip was short(ened) by (the tow). Anyway, so the picture of (the *Commodore*) had hung in Jim Lovell's office for many years. And (it was) part of this deal. And so I said to him, "Look, they valued that painting less than the others. I'll pay you your asking price for the two Coulter's paintings if you'll give Jim Lovell that painting that was in his office."

Because," I said, "Jim loved that picture and, you know, he was president of both companies (from September 1972 to February 1974) between (the several) other presidents that (Champion) had."

And he said, "That's a fair offer. Let me call you back." And about fifteen, twenty minutes later I got the call back, and he said, "We'll accept your offer on the two Coulters and we'll give Jim Lovell the other painting." So I felt good about that, because, I don't know, I just felt that Jim had liked it and that this was something that they'd done for Jim. So anyway, Jim has that picture. (These museum-quality paintings will perpetuate the Lewers & Cooke name for maybe another 100 years.)

WN: That's a great story.

FL: So, the time---I remember when I bought the painting. It was in 1978, so that's when (Champion Paper had begun to cut back substantially everything they could, but there are always loose ends to clear up, especially in tract development programs). (Hulton has taken that over so it should be well-handled.)

WN: Lewers & Cooke was no more (as you know it).

FL: (You are correct.) After 1965, Plywood and the Champion managers had actually increased developments substantially. But now, sometime before 1978 (thirteen years later), those policies had been changed. I cannot give you an answer. I was not privy to their history after 1965 of results or their objectives during these twelve years. Please remember I had resigned, as described, in (early) 1966.

END OF SIDE ONE

SIDE TWO

WN: Okay. In conclusion I'd like you to just wrap up your life and your reflections on your experiences with Lewers & Cooke. I know---as I said this is a project basically on World War II . . .

FL: Yes, it's sort of gotten quite a way off. (Laughs)

WN: Well, no. That's probably it. I mean that's really what the war was. It was a turning point in everyone's life . . .

FL: (Yes, but we here were far better off than those who had to go to war and fight. We had problems but nothing like they did. We actually had more difficult problems as a result of the foreign ideologies, which seemed to come as a result of the war. Socialistic, non-productive ideas, popular at the time, have now been disproved by USSR results. Their standard of living has proved these socialistic theories non-productive.)

WN: Would you say that all of this is---it's sort of interrelated though, from the pre-war to the



post-war. I mean wartime to the dock strike . . .

FL: (More time is needed to sort out the constructive or destructive components of socialism and the seemingly failure of the U.S. to develop productively and in a sound financial way. Our problems have grown gradually, but very persistently worse in many, many ways right up to 1992 in the United States.)

WN: As you look back, would you have done anything any differently?

FL: Oh god. Well, that brings in the problem of hindsight. (Yes, but I'm going to pass that question.)

(The war years demanded the complete restructuring of the Lewers & Cooke organization to meet the needs of the military effort. I have briefly outlined some of what we did to aid their effort and to survive the period as an organization so we could begin again to perform the housing job Hawai'i needed as the war effort tapered off.)

(The building game is a very complicated one involving the coordination of many parts: land, zoning and many governmental permits, and requirements. It requires imagination, architects, engineers, many tradesmen, several separate unions, financing, insurance, and bonding requirements. To put it all together requires sub-contractors and general contractors to coordinate everybody to produce the type of structure and shelter the market in each case demands.)

(Up to the time of the war, Lewers & Cooke produced a substantial part of the housing inventory and much of this still exists today, serving its owners as it was built to do. The war years, and the strike which followed, interrupted this addition of new housing inventory. But as Lewers & Cooke was able to re-establish its "residential home building organization" and cooperative contracting functions for the individual home builder, and also begin the joint venturing of tract developments, they again played an important role in building Hawai'i's housing inventory. Most of this inventory still stands today, 1992, and will for many years to come, giving satisfaction to its many thousand owners for whatever purpose it was built. Lewers & Cooke also sold many kinds of building materials to non-residential structures, office buildings, hospitals, most kinds of building structures. These components function today and will for years to come.)

(So what Lewers & Cooke assisted in still stands today and makes up a large percentage of Hawai'i's building inventory. I am proud of the part the Lewers & Cooke people played over many years and the satisfaction of those who are left knowing they contributed in this effort. Together we accomplished much for the satisfaction and happiness of the community, but much will remain to be done as housing demands increase and change over the years to come. In 1956, we established our basic mission: "To Build a Better Hawai'i through Service to Builders." Together we met that objective.)

## END OF INTERVIEW

The following pages have been appended to Fred Lowrey's interview transcript at his request.

**Lewers & Cooke, Limited  
And Subsidiary Companies  
(from 1960 Annual Report)**

**Twenty Year Review of Financial Data  
(000 omitted)**

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941
Total Revenues	23,185	16,423	15,063	14,535	14,364	13,406	11,279	10,989	11,627	13,768	11,631 <sup>a</sup>	9,053 <sup>a</sup>	13,205	13,209	8,040	6,467	6,810 <sup>b</sup>	5,904 <sup>a</sup>	6,688	7,733
Net Merchandise Sales	18,658	15,722	14,486	13,895	13,801	12,807	10,741	10,502	11,180	13,260	11,181	8,663	12,629	12,926	7,838	5,878	5,979	5,053	6,016	7,582
Earnings before Taxes	1,952	1,322	1,255	1,021	757	817	414	311	228	761	641	(137)	457	437	323	233	600	720	1,107	815
Federal and State Taxes on Earnings	1,062	712	702	575	391	460	206	166	129	477	318	(19)	189	181	154	111	461	593	818	392
Net Earnings	890	610	553	446	366	357	208	145	99	284	323	(118)	268	256	170	121	139	127	289	422
Net Earnings per Share <sup>c</sup>	2.34	1.58	1.43	1.14	.92	.90	.50	.33	.20	.70	.81	(.39)	.66	.63	.39	.26	.38	.34	.78	1.14
Dividends Paid per Share <sup>c</sup>	.50	.48	.60	.44	.41	.35	.19	.19	.28	.35	.35	.11	.32	.35	.35	.34	.27	.27	.31	.34
Current Ratio	3.7:1	2.1:1	2.1:1	2.5:1	1.9:1	2.0:1	2.6:1	2.8:1	2.5:1	2.3:1	2.3:1	4.3:1	1.9:1	1.9:1	6.2:1	7.8:1	3.9:1	3.4:1	2.6:1	3.4:1
Total Assets	11,456	9,656	8,713	7,144	8,145	7,535	6,020	5,705	5,853	6,174	5,953	4,404	6,075	6,382	4,148	3,976	3,825	3,481	3,476	2,887
Stockholders' Equity	6,423	5,544	5,134	4,826	4,570	4,381	4,177	4,066	4,018	3,989	3,855	3,537	3,623	3,539	3,435	3,035	2,797	2,407	2,170	2,021
Book Value per Share <sup>c</sup>	16.03	13.65	12.54	11.71	11.01	10.50	9.95	9.65	9.52	9.44	9.08	8.22	8.45	8.22	7.94	6.86	7.57	6.51	5.87	5.47

- (a) Does not include \$ 83,836 Sale of Warehouse Property  
(b) Does not include 111,684 Sale of Warehouse Property  
(c) Does not include 96,527 Sale of Warehouse Property  
(d) Does not include 201,086 Sale of Warehouse Property

\* Earnings, dividends and book values based upon 369,600 shares of common stock outstanding as of December 31, 1960.

L & C, Limited  
(Lewers & Cooke, Limited Prior to May 21, 1965)

Summary of Changes in Capital Stock - 1941 to 1967

YEAR	TYPE OF CHANGE	INCREASED IN SHARES ISSUED	SHARES				PRICE RANGE			
			AUTHORIZED	ISSUED	IN TREASURY	OUTSTANDING	ACTUAL		ADJUSTED FOR DIVIDENDS AND SPLITS	
							HIGH	LOW	HIGH	LOW
1967	No change		500,000	493,923	6,000	487,923	37-1/2	25-1/2	37-1/2	25-1/2
1966	Stock dividend - 5%	23,234	500,000	493,923	6,000	487,923	32-1/8	23	32-1/8	23
1965	" - 5%	21,938	500,000	470,689	6,000	464,689	27-5/8	19-1/2	26-3/8	18-5/8
1964	" - 5%	20,893	500,000	448,751	10,000	438,751	25	19	22-3/4	17-1/4
1963	" - 5%	20,374	500,000	427,858	10,000	417,858	23-1/4	16-1/4	20	14
1962	" - 5%	19,404	500,000	407,484		407,484	28	15-5/8	23	12-7/8
1961	" - 5%	18,480	500,000	388,080		388,080	34-1/2	18	27	14-1/8
1960	Stock split, 2 for 1	184,800	500,000	369,600		369,600	19	15-7/8	14-1/4	11-7/8
	Stock dividend - 5%	8,000	250,000	184,800		184,800				
1959	Stock split, 2 for 1	88,000	250,000	176,000		176,000	37-3/4	19	13-3/8	6-3/4
1958	No change		125,000	88,000		88,000	36-3/4	23	6-1/2	4-1/8
1957	Stock dividend - 10%	8,000	125,000	88,000		88,000	29	23	5-1/8	4-1/8
	Increase authorized capital		125,000	80,000		80,000				
1956	No change		80,000	80,000		80,000	25-1/4	18-1/2	4-1/8	3
1955	"		80,000	80,000		80,000	19	12	3-1/8	2
1954	"		80,000	80,000		80,000	12	9-5/8	2	1-1/2
1953	"		80,000	80,000		80,000	13-1/2	9	2-1/8	1-1/2
1952	"		80,000	80,000		80,000	16-3/4	13-1/4	2-3/4	2-1/8
1951	"		80,000	80,000		80,000	17	15	2-3/4	2-3/8
1950	"		80,000	80,000		80,000	16-1/2	14	2-5/8	2-1/4
1949	"		80,000	80,000		80,000	19	16-1/2	3-1/8	2-5/8
1948	"		80,000	80,000		80,000	22-1/2	18-1/2	3-5/8	3
1947	"		80,000	80,000		80,000	30	22	4-7/8	3-1/2
1946	"		80,000	80,000		80,000	33	26	5-3/8	4-1/4
1945	Additional shares sold	3,818	80,000	80,000		80,000	31	27-1/2	5	4-1/2
1944	"	3,697	80,000	76,182		76,182	27	24	4-3/8	3-7/8
1943	No change		75,000	63,485		63,485	25	21-1/2	4	3-1/2
1942	"		75,000	63,485		63,485	15-3/4	15-1/2	2-1/2	2-1/2
1941	"		75,000	63,485		63,485	19	17	3-1/8	2-3/4

\* In 1938 there was a stock split of 5 for 1 increasing authorized shares from 15,000 to 75,000.  
In 1944 authorized shares were increased by 5,000 shares to 80,000 shares.

## NEW SUBSIDIARIES OF LEWERS &amp; COOKE, LTD.

## 1965 ORGANIZATION

## LEWERS &amp; COOKE MERCHANDISE CORPORATION

## DIRECTORS

F. D. Lowrey	R. S. Lowrey	C. D. Pratt
E. Benner, Jr.	G. K. Nakagawa	R. H. Rice
F. P. Lowrey	E. L. Paris	P. E. Spalding, Jr.

## OFFICERS

President	F. P. Lowrey	Secretary-Treasurer	H. B. Hocking
Vice President-Manager	J. W. Lovell	Assistant Secretary-Treasurer	A. J. Spielman
Vice President	R. G. Rietow	Assistant Secretary	H. L. Gaut
	Assistant Treasurer.	R. N. Bebb	

## ASSIGNMENTS

Product Group	A. J. Spielman
Lumber & Construction Materials	J. H. Johansen
Architectural Materials	W. P. Jenkins
Tools & General Hardware	F. V. Menezes
Plumbing	T. A. Replogle
Operations	E. F. Bond
Commercial Sales	S. A. Cooke
Contract Furnishings	L. A. Inman
Sales Group	H. L. Gaut
Contractor Sales	E. N. Iwamoto
Inside Sales	K. C. Litster
Bidding & Estimating	R. W. Levy
Advertising	H. V. Beazlie
Hilo Branch	P. S. Chapin
Administrative Assistant to Manager	C. X. Kufferath
Financial Services	R. N. Bebb
Personnel Services	T. W. DeCrow

## LEWERS &amp; COOKE DEVELOPMENT CORPORATION

## DIRECTORS

F. D. Lowrey	R. S. Lowrey	C. D. Pratt
E. Benner, Jr.	G. K. Nakagawa	R. H. Rice
F. P. Lowrey	E. L. Paris	P. E. Spalding, Jr.

## OFFICERS

President	F. P. Lowrey	Secretary-Treasurer	H. B. Hocking
Vice President-Manager	R. G. Rietow	Assistant Secretary-Treasurer	R. I. Oshiro
Vice President	J. W. Lovell	Assistant Secretary	R. C. Longmire

## ASSIGNMENTS

Tract Development & Tract Promotion	R. C. Longmire
Project Coordinator	W. S. Hogarty
Building	G. H. Fredholm
Plan Services	J. W. H. Chock



# LEWERS & COOKE, LTD.

404 PIKOI PARKWAY • HONOLULU 2, HAWAII

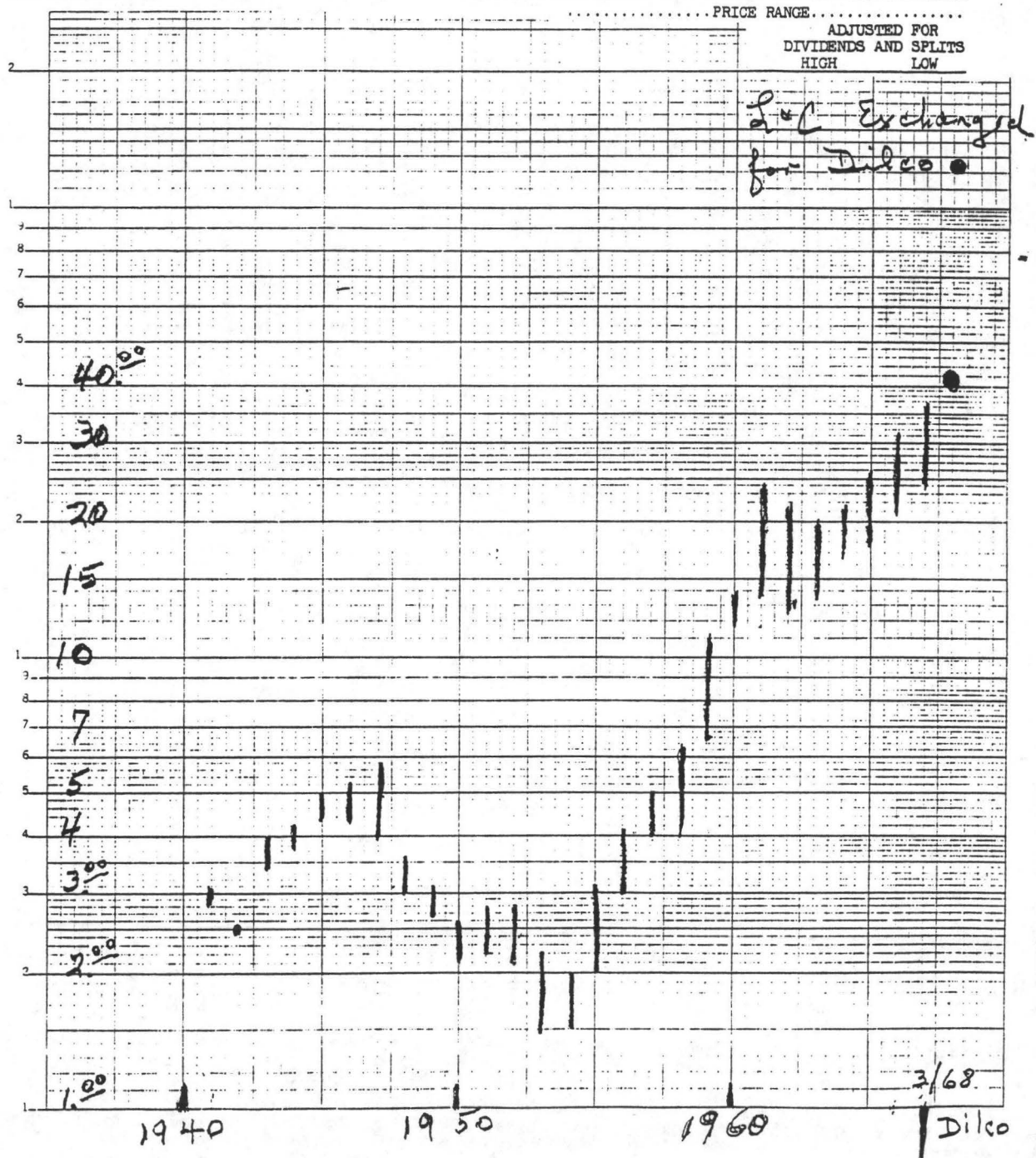
TELEPHONE 51-961

L & C, LIMITED  
(Lewers & Cooke, Limited Prior to May 21, 1965)

## SUMMARY OF CHANGES IN CAPITAL STOCK - 1941 TO 1967

Semi Logarithmic  
1 Cycle x 10 for the first

Price Range  
Adjusted for  
Dividends and Splits



L & C, LIMITED(Successor to Lewers & Cooke, Ltd.)SELECTED FINANCIAL DATA<sup>1</sup>

	<u>EARNINGS</u>	<u>DIVIDENDS</u>	<u>BOOK VALUE</u>	<u>NET ASSET VALUE<sup>2</sup></u>	<u>PRICE RANGE</u>	
					<u>HIGH</u>	<u>LOW</u>
1967	\$0.80* <u>1.92**</u> \$2.72	\$0.80	\$20.38	\$30.23	37-1/2	- 25-1/2
1966	\$ .55* <u>.06**</u> \$ .61	.71	18.46	28.60	32-1/8	- 23
1965	\$ .52* <u>4.08**</u> \$4.60	.548	18.55	29.74	26-3/8	- 18-5/8
1964	\$1.67	.450	15.32		22-3/4	- 17-1/4
1963	1.12	.436	14.11		20	- 14
1962	1.13	.418	13.93		23	- 12-7/8
1961	1.51	.398	13.26		27	- 14-1/8
1960	1.75	.379	12.14		14-1/4	- 11-7/8
1959	1.20	.361	10.34		13-3/8	- 6-3/4
1958	1.08	.451	9.50		6-1/2	- 4-1/8
1957	0.86	.336	8.87		5-1/8	- 4-1/8
1956	0.70	.312	8.34		4-1/8	- 3

\* Operations.

\*\* Capital gain.

## Notes:

1. Based on 487,923 shares common stock outstanding.
2. Includes land valued at \$6,700,000.

## *Our Purpose at Lewers and Cooke*



For over 100 years LEWERS & COOKE has made important contributions toward . . .

### **BUILDING A BETTER HAWAII THROUGH SERVICE TO BUILDERS**

Just as this has been our purpose for the past 100 years, so it continues to be our basic purpose today.

To achieve this goal in our community we must bring together a team of four "people-groups" who presently are: 700 *Stockholders*, whose savings have purchased the land, buildings, equipment, and inventory needed to create jobs for 400 *L & C People*. The L & C People add service values to the merchandise, purchased from 500 *Suppliers*, by performing the many tasks necessary to bring this merchandise from supplier to 20,000 *Builder Customers*.

Further, to achieve this goal we must coordinate and balance the interests of each of these four "people-groups" who are dependent upon each other for its complete success. Each group must prosper and each group is free to withdraw. The balancing of interests must be achieved while L & C competes successfully with many companies who have similar goals. This is free enterprise.

In this free enterprise system, the degree to which we succeed in achieving our purpose of "Building Hawaii" is measured by the concept of profit. Therefore, to achieve our goal we must produce profit. And to produce profit we must provide services for our 20,000 *Builder Customers* by offering ideas and by adding service values to the merchandise we sell. These added values must produce income; and the income bring profit that will be sufficiently large . . .

- (1) to pay for the merchandise from *Suppliers* — and to pay for all merchandising expenses including government costs —
- (2) to provide job opportunities for *L & C People*, and —
- (3) to pay *L & C Stockholders* a return on the value of their property, sufficiently large to induce them to put additional funds into L & C.

Only then can we grow to contribute toward our purpose . . .

### **BUILDING A BETTER HAWAII THROUGH SERVICE TO BUILDERS**

# **AN ERA OF CHANGE**

## ***Oral Histories of Civilians in World War II Hawai'i***

### **Volume I**

**Center for Oral History  
Social Science Research Institute  
University of Hawai'i at Mānoa**

**April 1994**